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MONTANA LEGISLATIVE HISTORY

Chapter 574 ~~19~~ 2001

Bill H 124 S _____ Original bill & history ✓ C

The bill is 189 pages. Please call the library for full copy.

H. Committee on Local Gov-Funding			S. Committee on Taxation		
Hearing Date(s)	1-25 ✓		Hearing Date(s)	4-3	✓ C
	2-1	✓ C		4-9	✓ C
	2-6	✓ C			C
	2-8	✓ C			C
Free Conf.	2-13	✓ C			
	2-15	✓			
Date Out	3-6	✓ C			
	3-8 ✓	3-20			

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

4-17 ✓
4-18 ✓

LEGISLATIVE HISTORIES SINCE 1997

The scope and depth of legislative committee minutes varies by year and by committee. If you would like additional information about a hearing, you may want to determine whether the hearing was recorded. In addition, some recent floor debates were also recorded. For information on accessing or purchasing these recordings, contact the Historical Society Archives at 406-444-4774.

If you have concerns regarding the format of the enclosed committee minutes or the recordings of the hearings, it is suggested that you contact your state legislators.

4/12	2nd Reading Senate Amendments Concurred	70	30
4/13	3rd Reading Passed as Amended by Senate	77	23
4/13	Sent to Enrolling		
4/17	Returned from Enrolling		
4/19	Revised Fiscal Note Printed		
4/19	Signed by Speaker		
4/21	Signed by President		
4/23	Transmitted to Governor		
5/02	Signed by Governor		
5/03	Chapter Number Assigned		
	Chapter Number 556		
	Effective Date: 5/02/2001 - All Sections		

HB 122 Introduced by Lee *LC0554 Drafter: Petesch*

Creating Child Support Assurance Program

11/17	Fiscal Note Needed
12/20	Introduced
12/26	Fiscal Note Requested
12/28	Referred to Human Services
1/09	Rereferred to Appropriations
1/15	Fiscal Note Received
1/19	Fiscal Note Printed
1/22	Hearing
3/14	Tabled in Committee
3/24	Missed Deadline for Appropriation Bill Transmittal

HB 123 Introduced by Lee *LC0624 Drafter: Lee Evans*

Require Utility Using Public Right-of-way to Make Service Available to Residents

12/20	Introduced
12/28	Referred to Federal Relations, Energy, and Telecommunications
1/18	Hearing
1/23	Hearing
1/23	Tabled in Committee
2/23	Missed Deadline for General Bill Transmittal

HB 124 Introduced by Story *LC0090 Drafter: Petesch*

Revise Local Government Funding (A.k.a. the Big Bill)

By Request of Local Government Funding and Structure Committee

8/14	Fiscal Note Needed		
12/20	Introduced		
12/26	Fiscal Note Requested		
12/28	Referred to Appropriations		
1/04	Rereferred to Local Government		
1/25	Hearing		
1/30	Rereferred to Local Government Funding Select		
2/01	Hearing		
2/06	Hearing		
2/08	Hearing		
2/13	Hearing		
3/06	Hearing		
3/08	Hearing		
3/10	Rereferred to Local Government		
3/20	Revised Fiscal Note Requested		
3/21	Committee Executive Action--Bill Passed as Amended	13	5
3/21	Committee Report--Bill Passed as Amended		

3/23	2nd Reading Passed	76	24
3/24	Fiscal Note Printed		
3/24	3rd Reading Passed	75	25
	Transmitted to Senate		
3/26	Referred to Taxation		
4/03	Hearing		
4/09	Committee Executive Action--Bill Concurred as Amended	8	1
4/09	Committee Report--Bill Concurred as Amended		
4/10	Revised Fiscal Note Requested		
4/10	2nd Reading Concur Motion Failed	24	24
4/10	2nd Reading Concurred as Amended	38	10
4/11	3rd Reading Concurred	38	12
	Returned to House with Amendments		
4/11	2nd Reading Senate Amendments Not Concurred	92	6
4/11	Free Conference Committee Appointed		
4/12	Free Conference Committee Appointed		
4/12	Revised Fiscal Note Requested		
4/16	Revised Fiscal Note Received		
4/17	Hearing		
4/17	Hearing		
4/17	Revised Fiscal Note Printed		
4/17	Hearing		
4/18	Hearing		
4/18	Hearing		
4/19	Free Conference Committee Report Received		
4/19	Free Conference Committee Report Received		
4/19	2nd Reading Free Conference Committee Report Adopted	66	34
4/19	2nd Reading Free Conference Committee Report Reject Motion Failed	17	33
4/19	2nd Reading Free Conference Committee Report Adopted	29	21
4/20	3rd Reading Free Conference Committee Report Adopted	28	22
4/20	3rd Reading Free Conference Committee Report Adopted	66	34
4/20	Revised Fiscal Note Printed		
4/20	Sent to Enrolling		
4/20	Returned from Enrolling		
4/20	Signed by Speaker		
4/20	Signed by President		
4/20	Transmitted to Governor		
4/20	Returned with Governor's Proposed Amendments		
4/21	2nd Reading Governor's Proposed Amendments Concurred on Voice Vote	46	1
4/21	2nd Reading Governor's Proposed Amendments Concurred	87	10
4/21	3rd Reading Governor's Proposed Amendments Concurred	72	25
4/21	Transmitted to Senate for Consideration of Governor's Proposed Amendments		
4/21	3rd Reading Governor's Proposed Amendments Concurred	30	16
4/21	Returned to House Concurred in Governor's Proposed Amendments		
4/23	Sent to Enrolling		
4/26	Returned from Enrolling		
4/26	Signed by Speaker		
4/26	Signed by President		
4/26	Transmitted to Governor		
5/05	Signed by Governor		
5/05	Chapter Number Assigned		

Chapter Number 574
Effective Date: 5/05/2001 - Section 253(2)
Effective Date: 7/01/2001 - Sections 1-5, 8-143, 145-252, 253(1), and 254-257
Effective Date: 7/01/2002 - Sections 6, 7, and 144

HOUSE BILL NO. 124

INTRODUCED BY B. STORY

BY REQUEST OF THE LOCAL GOVERNMENT FUNDING AND STRUCTURE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS GOVERNING LOCAL GOVERNMENT AND STATE REVENUE COLLECTION AND ALLOCATION; CLARIFYING STATE MANDATES THAT MAY NOT BE IMPOSED ON LOCAL GOVERNMENTS WITHOUT FUNDING; ELIMINATING SPECIFIC STATUTORY MILL LEVY RESTRICTIONS; REVISING THE LIMIT ON PROPERTY TAXES; PROVIDING FOR A UNIFORM ELECTION PROCEDURE TO EXCEED THE MILL LEVY LIMIT; PROVIDING FOR LOCAL GOVERNMENT ENTITLEMENTS TO REPLACE REIMBURSEMENTS AND TO ACCOUNT FOR REVENUE ALLOCATIONS; PROVIDING A STATUTORY APPROPRIATION FOR ENTITLEMENT PAYMENTS; PROVIDING FOR FUND TRANSFERS FROM THE GENERAL FUND TO STATE AGENCIES TO ACCOUNT FOR REVISED REVENUE ALLOCATIONS; ELIMINATING STATE PAYMENTS IN LIEU OF TAXES FOR STATE LAND AND LAND OWNED BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS; PROVIDING FOR CERTAIN UNIFORM VEHICLE FEES; RETAINING VEHICLE FEES, ALCOHOL TAXES, AND GAMBLING TAXES AT THE STATE LEVEL; REVISING THE FUNDING METHOD FOR PROVIDING PUBLIC ASSISTANCE; CONVERTING CERTAIN SPECIAL LEVIES INTO FEES; PROVIDING FOR BLOCK GRANTS FOR SCHOOL DISTRICTS; PROVIDING FOR PAYMENTS TO COUNTIES FOR DISTRIBUTION TO SCHOOL DISTRICTS FOR PURPOSES OF COUNTYWIDE SCHOOL TRANSPORTATION AND COUNTYWIDE SCHOOL RETIREMENT; APPROPRIATING MONEY FOR SCHOOL DISTRICT BLOCK GRANTS, COUNTYWIDE SCHOOL TRANSPORTATION, AND COUNTYWIDE SCHOOL RETIREMENT; AMENDING SECTIONS 1-2-112, 2-9-316, 3-2-714, 3-5-901, 7-2-2730, 7-2-2746, 7-2-4111, 7-2-4918, 7-3-1310, 7-3-1311, 7-3-1313, 7-3-4312, 7-6-502, 7-6-2301, 7-6-2314, 7-6-2319, 7-6-2328, 7-6-2329, 7-6-2345, 7-6-2348, 7-6-2501, 7-6-2502, 7-6-2511, 7-6-2512, 7-6-2522, 7-6-2523, 7-6-2541, 7-6-4134, 7-6-4238, 7-6-4259, 7-6-4261, 7-6-4272, 7-6-4431, 7-6-4451, 7-6-4453, 7-6-4455, 7-7-2202, 7-7-2206, 7-7-2303, 7-12-1132, 7-12-2105, 7-12-2158, 7-12-2182, 7-12-2185, 7-12-4106, 7-12-4176, 7-12-4222, 7-12-4225, 7-13-124, 7-13-144, 7-13-237, 7-13-309, 7-13-2221, 7-13-2280, 7-13-2302, 7-13-2304, 7-13-2528, 7-13-3020, 7-13-3027, 7-13-4406, 7-14-111, 7-14-232, 7-14-1131, 7-14-1134, 7-14-1632, 7-14-1633, 7-14-2501, 7-14-2502, 7-14-2503, 7-14-2504, 7-14-2523, 7-14-2807, 7-14-4106, 7-14-4404, 7-14-4644, 7-14-4734, 7-15-4293, 7-16-101, 7-16-2102,

7-16-2108, 7-16-2109, 7-16-2205, 7-16-2411, 7-16-2412, 7-16-2431, 7-16-2443, 7-16-4105, 7-16-4113, 7-16-4114, 7-21-3203, 7-21-3433, 7-21-3457, 7-22-2142, 7-22-2222, 7-22-2306, 7-22-2432, 7-22-2512, 7-32-235, 7-32-4117, 7-33-2209, 7-33-4111, 7-33-4130, 7-34-102, 7-34-2131, 7-34-2133, 7-34-2204, 7-34-2303, 7-34-2417, 7-35-2122, 10-2-501, 10-2-603, 13-13-230, 15-1-402, 15-1-501, 15-10-420, 15-16-117, 15-24-921, 15-24-922, 15-24-925, 15-30-121, 15-31-114, 16-1-404, 16-1-406, 16-1-411, 17-3-221, 17-3-222, 17-7-502, 19-7-404, 19-9-209, 19-13-214, 19-18-503, 19-18-504, 19-19-301, 20-6-413, 20-7-705, 20-7-714, 20-9-141, 20-9-168, 20-9-331, 20-9-333, 20-9-501, 20-10-144, 20-10-146, 20-15-305, 20-15-311, 20-15-326, 20-25-1002, 22-1-304, 23-2-512, 23-2-518, 23-2-616, 23-2-803, 23-2-804, 23-2-814, 23-2-817, 23-2-818, 23-5-610, 23-5-612, 25-1-201, 39-71-403, 40-4-215, 40-4-226, 41-3-1122, 42-2-105, 50-2-111, 50-2-114, 52-6-105, 53-2-207, 53-2-304, 53-2-801, 53-3-115, 53-3-116, 53-20-208, 53-21-204, 61-1-102, 61-3-203, 61-3-321, 61-3-325, 61-3-332, 61-3-406, 61-3-411, 61-3-412, 61-3-422, 61-3-426, 61-3-431, 61-3-453, 61-3-457, 61-3-465, 61-3-509, 61-3-524, 61-3-707, 61-3-738, 61-9-312, 61-10-130, 61-10-148, 61-10-225, 67-3-205, 67-10-402, 67-11-301, 67-11-303, 72-16-909, 72-16-912, 75-10-533, 76-1-111, 76-1-403, 76-1-404, 76-1-406, 76-2-102, 76-6-109, 76-13-201, 76-15-505, 76-15-516, 76-15-531, 76-15-623, 80-2-201, 80-2-203, 80-2-204, 80-2-205, 80-2-207, 80-2-209, 80-2-221, 80-2-222, 80-2-224, 80-2-225, 80-2-226, 80-2-228, 80-2-229, 80-2-230, 80-2-232, 80-2-244, 80-7-814, 80-7-815, 80-7-816, 80-7-822, 81-6-101, 81-6-104, 81-6-106, 81-6-204, 81-6-205, 81-6-209, 81-6-210, 81-7-118, 81-7-201, 81-7-202, 81-8-503, 81-8-504, 85-3-412, 85-3-422, 85-3-423, AND 90-5-112, MCA, SECTION 6, CHAPTER 511, LAWS OF 1993, AND SECTION 9, CHAPTER 476, LAWS OF 1995; REPEALING SECTIONS 7-6-2531, 7-6-2532, 7-6-2533, 7-6-2534, 7-6-2535, 7-6-2536, 7-6-2537, 7-6-4432, 7-6-4434, 7-6-4436, 7-6-4437, 7-6-4439, 7-6-4452, 7-16-2432, 7-34-2134, 7-34-2135, 7-34-2136, 15-1-111, 15-1-112, 15-7-122, 15-31-701, 15-31-702, 17-3-214, 20-25-1007, 53-2-322, 61-3-508, 61-3-510, 61-3-511, 61-3-512, 76-1-405, 76-1-407, 77-1-501, 77-1-502, 77-1-503, 77-1-504, 77-1-505, 77-1-506, 77-1-507, 80-2-223, 80-7-810, 87-1-603, AND 87-1-604, MCA; AND PROVIDING EFFECTIVE DATES AND TERMINATION DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

FISCAL NOTE

Bill #: HB 124 **Title:** Revise local government funding

Primary Sponsor: Bob Story **Status:** As Amended

Sponsor signature Date Chuck Swysgood, Budget Director 3/23/01 Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
General Fund	$144,237,900	$145,828,333
State Special Revenue	(22,547,879)	(22,698,419)
Federal Revenue	(428,280)	0
Revenue:		
General Fund	$155,595,856	$143,508,216
State Special Revenue	($21,956,432)	($22,172,243)
Federal Revenue	(428,280)	0
Net Impact on General Fund Balance:	**$11,357,956**	**($2,320,117)**

Yes	No		Yes	No	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

This fiscal note includes the impacts of HB 124 and SB 176, the state assumption of district courts.

ASSUMPTIONS:

1. Motor vehicle tax law effective January 2001 is used in this analysis.

State Expenditure Impact

2. The state will be responsible for fully funding welfare programs. The state currently funds the welfare programs of 13 counties. The 9-mills levied by the state in these 13 counties would be eliminated. The state would assume financial responsibility for welfare in the remaining 43 counties.

HB 124

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3. The state will assume responsibility for funding district courts, except for clerks of court (SB 176) limited to the district court fund expenses in FY98 and FY99 plus inflation.
4. Under HB124, a variety of revenue sources that currently flow to local governments and state agencies would flow to the state general fund. To replace this revenue for local governments, the state would provide counties and cities and towns with an "entitlement share payment". The payment for fiscal 2002 reflects the net change in funding requirements for local governments taking into account 1) their loss of revenue from shifting revenues to the state general fund, and 2) their reduction in costs due to shifting funding for district courts and welfare programs to the state. In following years the entitlement share will change as the state economy changes. Entitlement share payments will be based on fiscal year 2001. It is estimated that the statewide entitlement share payment for fiscal year 2002 will be 3% above the base year 2001 level, and will grow an additional 3% above the fiscal 2002 level for fiscal 2003.
5. Under current law, local government taxing jurisdictions, including tax increment financing districts (TIFs), annually receive a reimbursement payment from the state for past property tax and other tax reductions stemming from HB20 (1989), SB417 (1995), and SB184 (1999). Under current law, the reimbursements under HB20 and SB417 are scheduled to be phased out over the course of the next several years by 10% per year.
6. Under this bill, each TIF will receive a block grant payment from the state based on the revenue received by each district from HB20, SB417, and SB184 reimbursement programs in fiscal year 2001. When a TIF dissolves, the state discontinues the block grant to the TIF. Included in the block grant payments for tax increment finance districts is $1,200,000 in fiscal year 2002 and again in fiscal year 2003 for industrial tax increment finance districts. See technical note 6.
7. Each school district will receive a block grant payment from the state based on the fiscal year 2001 revenue received by each district from revenue sources that previously would have flowed to these districts, but under this bill will flow to the state general fund. The vehicle revenue component of the block grant will be adjusted to reflect the impact of HB540. This block grant will not be reduced to reflect the reductions that would otherwise occur under current law for phasing out the reimbursements for HB20 and SB417. This will also result in a decrease in state GTB payments of $344,594 in FY 2002 and $686,516 in FY 2003.
8. The state will make block grant payments to counties for countywide elementary and high school retirement mills. The payment amount is based on the amount necessary to replace revenue reductions due to the revenue flow changes in the bill. Also, for each county, the block grant payments to the countywide elementary and high school retirement funds will be adjusted to take into account and reflect the reductions in revenue that would have occurred under current law HB20 and SB417 reimbursement programs, for all local government units in the county. This phase out will increase county GTB payments by $665,675 in FY 2002 and $1,331,350 in FY 2003.
9. The state will make block grant payments to counties for countywide transportation mills. The payment amount is based on the amount necessary to replace revenue reductions due to the revenue flow changes in the bill. Because a few counties did not have enough retirement replacement block grant funds to fully account for the reimbursement reductions in HB20 and SB417, the balance required to fully account for these reductions removed from the countywide transportation block grant. See technical note 4.c.
10. Administrative costs associated with the state assumption of district courts are estimated to be $415,127 in fiscal 2002 and $385,377 in fiscal 2003. These administrative costs are included in the fiscal note for SB176, but are also shown here to illustrate the impact of both proposals.
11. The Department of Commerce will have administrative costs associated with implementing revisions in local government accounting laws (SB138) of $28,446 in fiscal year 2003.

State Government Revenue Impacts

12. The proposal discontinues the personal property tax reimbursement programs that currently exist under HB20 and SB417. Although under current law the SB184 reimbursement program automatically discontinues after fiscal year 2001, the fiscal year 2001 reimbursement levels are included in the Governor's budget in response to legislative intent and have been included as current expense.
13. Revenue from light vehicles currently going to the special revenue account for district courts would be shifted to the state general fund.
14. All other revenue from motor vehicles, other than local option taxes and gross vehicle weight (GVW) fees, would be sent to the state. The Proportionally Registered Fleets (IRP) fees are deposited in the Department of Transportation Highway account and the remainder is deposited in the state general fund.
15. All gaming revenue would be deposited in the state general fund. Associated with the revenue flow change of gaming revenue is a one-time revenue increase from accruing this revenue to the state general fund.
16. Under the proposal, most district court fees would be deposited in the state general fund.
17. Under current law, 80% of collections from financial institutions under the corporation license tax is returned to local governments where the financial institution is located. Under this bill, the state would retain all revenue from corporation license taxes levied on financial institutions. Associated with this revenue flow change of corporation license taxes levied on financial institutions is a one-time revenue increase from accruing this revenue to the state general fund.
18. All alcohol-related revenues would be retained in full by the state, and the portion currently allocated to local governments is deposited in the state general fund.
19. There are other funding changes that result in a gain in revenue or reduction in expense for the state. These changes are categorized as all other impacts. A listing of the changes is found in appendix A.

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements 12.	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10% Assumption 13.	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other 14.	75,484,466	76,616,733	77,765,984	78,932,474
Gaming Revenue 15.	28,333,194	30,429,850	31,707,904	33,039,636
Gaming Revenue Accrual 15.	6,944,410			
District Court Fees 16.	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax 17.	7,398,417	7,398,417	7,398,417	7,398,417
Financial Institutions Tax Accrual 17.	7,398,417	0	0	0
Alcohol-Related Taxes 18.	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts 19.	2,089,220	2,089,220	2,089,220	2,089,220
Total Revenue Impacts	**212,804,340**	**199,228,085**	**199,196,604**	**199,239,682**

State G.F. Expenditure Impact - Entitlement Growth Rate of 3.0%

Expenditure Impacts	FY02	FY03	FY04	FY05
State Funded Welfare Assumption 2.	(15,167,615)	(15,545,703)	(16,012,074)	(16,492,436)
State Funded District Courts 3.	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share 4.				
Counties 4.	(35,029,093)	(36,079,966)	(37,162,365)	(38,277,236)
Cities 4.	(45,296,073)	(46,654,955)	(48,054,603)	(49,496,241)
TIF's (original) 5.	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts) 5.	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts 6.	(1,200,000)	(1,200,000)	(600,000)	(600,000)
Schools K-12 replacement of revenue 7.	(64,472,774)	(63,837,690)	(63,209,135)	(62,587,208)
Schools K-12 additional revenue 7.	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement 8.	(10,453,307)	(7,842,980)	(5,232,653)	(2,622,326)
County Transportation 9.	(2,263,149)	(2,238,757)	(2,214,365)	(2,189,973)
Administration				
Judicial Branch Costs - District Courts 10.	(415,127)	(385,377)	(396,938)	(408,846)
SB138 amended 11.	0	(28,446)	(29,299)	(30,178)
GTB Retirement 8.	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund 7.	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(201,499,806)**	**(201,697,728)**	**(202,403,952)**	**(203,818,487)**

Impact to State

Category	FY02	FY03	FY04	FY05
Revenue	212,804,340	199,228,085	199,196,604	199,239,682
Expenses	(201,499,806)	(201,697,728)	(202,403,952)	(203,818,487)
Net Change	**11,304,535**	**(2,469,643)**	**(3,207,348)**	**(4,578,806)**
Biennial change		8,834,892		(7,786,153)

Impact of Funding Shifts on State Agencies:

20. Under this bill, some revenues from fees paid on vehicles currently earmarked to state agencies would flow to the state general fund. The earmarked revenue would be replaced with statutory state general fund appropriations (see technical note 2). The appropriations, as seen in new section 3, are designed to be equivalent to the current law earmarking. In the proposal, the appropriation would be based on vehicle counts, thereby holding the revenue flow neutral. .

Department of Transportation

21. Summary of impacts to the Department of Transportation Highway Revenue account:

Impact:	FY 2002	FY 2003
Section 3 General fund approp.	$3,641,987	$3,696,617
Section 172 Registration Fees	(7,961,000)	(8,080,000)
Section 176 Proportionally Registered Fleets	4,514,748	4,514,748
Section 180 No county admin reduction	394,712	394,811
Net Gain (Fund 02422)	$590,447	$526,176

Fish, Wildlife and Parks

22. By removing the sunset language for the boat in lieu program (Section 23-2-518, MCA) one year early, FWP will lose $285,520 of revenue in FY2002. These revenues are used to match federal Wallop-Breaux motorboat funds in a 60/40 federal/state matching program. Losing these revenues will also result in a loss of $428,280 federal funds. The total loss equals $713,800 in FY2002.

Office of Public Instruction

23. The OPI will need $25,000 for programming costs to perform the calculations for the school and county block grant programs and .25 FTE and $12,500 annually for additional fiscal staff to manage payments to districts and counties.

Department of Justice, Motor Vehicle Division

24. Operating costs for the Motor Vehicle Division would be increased by $4,500 in FY 02 (60 hours @ $75/hour) for programming the fee increases and decreases, distribution allocations, changes affecting licensing exemptions, and developing a program to provide the statistical data required. Computer costs to complete the programming are estimated at $1,238 in FY 02 only (7.5 days @ $165/day). Total operating costs would increase by $5,738 ($4,500 + $1,238) in FY 02 only.
25. Training the county treasurers to ensure the accurate implementation of the changes created by HB 124 would be completed at the annual statewide training and communications workshops, regional and local established training schedules provided by the Department of Justice, Motor Vehicle Division training unit and will not increase costs.

FISCAL IMPACT:

Expenditures:	FY2002 Difference	FY2003 Difference
Judiciary	$21,886,691	$22,494,016
Department Commerce	0	28,446
Department of Justice	5,738	0
FWP Boat in lieu	(713,800)	0
DoT, MUS, DPHHS, Ag, DEQ, Military	0	0
OPI school Base aid	321,081	644,834
OPI administrative expenses	37,500	12,500
OPI School Block Grants	65,114,290	65,114,292
OPI County Block Grants	12,716,456	10,081,737
Revenue Entitlement Share	80,325,166	82,734,921
Revenue TIF Block Grants	5,968,505	5,053,779
Reimbursements (except HB 417)	(64,399,886)	(63,034,611)
TOTAL	$121,261,741	$123,129,914
Funding:		
Judiciary		
General Fund (01)	21,886,691	22,494,016
Commerce		
General Fund (01)	0	28,446
Department of Justice		
General Fund (01)	274,628	268,890
State Special (02)	(268,890)	(268,890)
Subtotal	5,738	0
Office of Public Instruction		
General Fund (01)	78,189,327	75,853,363
Fish, Wildlife and Parks (FWP)		
General Fund (01)	405,162	405,162
State Special Revenue (02)	(690,682)	(405,162)
Federal Revenue	(428,280)	
Subtotal	(713,800)	0
Department of Transportation		
General Fund (01)	$3,641,987	$3,696,617
State Special Revenue (02)	(3,641,987)	(3,696,617)
Subtotal	0	0
DPHHS		
General Fund (01)	15,372,379	15,753,809
State Special Revenue (02)	(15,372,379)	(15,753,809)
Subtotal	0	0
MUS		
General Fund (01)	194,088	194,088
State Special Revenue (02)	(194,088)	(194,088)
Subtotal	0	0

Department of Agriculture		
General Fund (01)	1,513,425	1,513,425
State Special Revenue (02)	(1,513,425)	(1,513,425)
Subtotal	0	0
Department of Environmental Quality		
General Fund (01)	748,520	748,520
State Special Revenue (02)	(748,520)	(748,520)
Subtotal	0	0
Military Affairs		
General Fund (01)	117,908	117,908
State Special Revenue (02)	(117,908)	(117,908)
Subtotal	0	0
Department of Revenue		
General Fund (01)	21,893,785	24,754,089
All Agencies		
General Fund (01)	$144,237,900	$145,828,333
State Special Revenue (02)	(22,547,879)	(22,698,419)
Federal Revenue	(428,280)	0
TOTAL	$121,261,741	$123,129,914
Revenues:		
General Fund (01)		
Motor vehicles – state special 6-mill levy	$194,088	$194,088
Motor vehicles – special fees	11,013,905	11,133,905
Motor vehicles – local (less section 176)	71,263,110	72,395,377
Motor vehicles – District Courts	5,742,983	5,829,127
District Court Fees to courts	1,906,941	1,906,941
District Court Fees to DPHHS	204,764	208,106
Gaming Revenue	35,277,604	30,429,850
Financial Institutions	14,796,834	7,398,417
Alcohol related taxes	4,116,407	4,213,185
All Other	2,089,220	2,089,220
Reimbursements SB 417	8,990,000	7,710,000
Total general fund	$155,595,856	$143,508,216
State Special Revenue (02)		
Motor vehicles – state special 6-mill levy	(194,088)	(194,088)
Motor vehicles – special fees	(11,013,905)	(11,133,905)
District Court Fees to DPHHS	(204,764)	(208,106)
Welfare – DPHHS	(15,167,615)	(15,545,703)
Dept. of Transportation (176 and 180)	4,909,460	4,909,559
FWP Boat in lieu	(285,520)	0
Total state special	($21,956,432)	($22,172,243)
Federal Special (FWP) (03)	(428,280)	0
Total Revenue	$133,211,144	$121,335,973

Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	$11,357,956	($2,320,117)
State Special Revenue (02) Transportation	590,447	526,176
Federal Special (FWP) (03)	0	0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
With the changes in the distribution of motor vehicle and related collections effective January 1, 2002, counties will have to have computer program changes to facilitate the new distributions. This will have an unknown cost to the counties.

The shifts in revenue to the state result in net losses in revenue to all counties and municipalities. Local governments would be kept whole, however, under the Entitlement Share program. In the first year of the Entitlement program, the Entitlement Share payments are to approximate the proposed shift of revenue plus an estimated 3% growth. In following years, the Entitlement Share payment will grow according to a measure of economic conditions in the state.

For fiscal 2002, each local government is allowed to impose a levy that brings in revenue from property tax and the Entitlement Share payment that is not less than the base amount plus a growth factor. The "base amount" is:

- The fiscal 2001 property tax revenue, which includes revenue from property that was newly taxable property in fiscal 2001; plus,
- The net change in revenue from the enumerated revenue sources which were changed in the committee's recommendations (motor vehicle, etc.); minus,
- The amount of funds sent to the Department of Health and Human Services for welfare in fiscal 2001 and the fiscal 2001 district court expenditure, excluding the clerk of district courts and their staff's salaries and benefits.

The transitional property tax cap for fiscal 2002 includes two growth rate options. County and city governments can use whichever results in the greatest fiscal 2002 revenue for the county or city government.
Option 1: Property taxes may be assessed in fiscal 2002, sufficient for the county or city government to have a 2% growth rate, when property taxes are combined with the Entitlement Share received, for the total of all property taxes assessed for fiscal 2001, plus the net change in other revenues and expenses as altered by the committee.
Option 2: Property taxes may be assessed in fiscal 2002 using the same mill levy as applied in fiscal 2001 against the total taxable value of all property. Local governments could use this option if it gave them more revenue than Option 1.

For fiscal 2003 and beyond, the property tax limit would be the fiscal 2002 amount of property tax assessed, plus a growth factor. The growth rate for the property tax limit is the base year (fiscal 2002) amount of property taxes assessed plus ½ of the last three-year average rate of inflation. This growth rate sets the maximum amount of property tax that can be raised from the total taxable value net of newly taxable property regardless of whether the maximum amount of mill levy capacity is used each year.

The proposal modifies the current law property tax limit to provide county and city officials the flexibility to not have the current incentive to levy the maximum number of mills each year. Under current law, the maximum number of mills allowed must be levied each year or the government's property tax cap will be decreased in the future. The modification will allow local governments not to levy the maximum mills allowed under law each year, while allowing local governments to retain the ability to levy the maximum number of mills in future years, if the maximum number of mills are needed.

TECHNICAL NOTES:

Department of Environmental Quality

2. Section 3(3)(a) transfers to the junk vehicle disposal program $1.50 per new vehicle title issued or vehicle title transferred and 50 cents per vehicle licensed. These are the amounts of the current fees. Two bills, SB 168 and HB 524 increase those fees and have passed both houses. If either of those bills are signed by the Governor, section 3(3)(a) should be amended to reflect the modified fees. The section of law that they modify is repealed by HB124 (see next technical note).

Department of Agriculture, Department of Environmental Quality, Fish, Wildlife and Parks

3. Section 252 of HB 124 repeals the following sections of code: 61-3-508 Junk vehicle fee, 61-3-510 Weed Control Fee, and 61,3-512 Campers, motor homes. Section 3 references those repealed sections.
4. Several agencies will need adjustments to appropriations in HB2: The Montana University System six-mill levy replacement, DPHHS Child Abuse and Neglect and Adult Intervention/Treatment replacement, the Office of Public Instruction the Department of Justice will need operating authority.
5. Section 1(1) calculates entitlement shares for lost revenues to local governments for revenues which the act does not eliminate or reduce the local revenue. This occurs in subsections: (e) manufactured homes fees with no change in local revenues in 15-1-116; (g) coal severance tax allocations for county land planning with no change in local revenues in 15-35-108; (i) late filing fees with no change in local revenues in 61-3-201; and (n) single movement permit fees with no change in local revenues in 61-4-311.
6. Section 3(1) appropriates funds to replace losses to the adoption services account however the funding for this account from district court fees is maintained in Section 143.
7. Section 180 eliminates the county administration allocation of 5% of GVW fees yet Section 1 does not include these in the calculation of entitlement shares.
8. If HB124 is passed and approved, the government of the State of Montana will accept several global risks that it currently does not have:
   a. Revenue risk for motor vehicle fees, gambling, and all other revenue moved to the State of Montana
   b. Expenditure risk for
      - Assumption of district court expenses: will the state be able to control the costs of the district courts.
      - Assumption of welfare: how much will it cost to equalize services across the state, can enough efficiency be gained, will the state be able to control the counties will want additional services and will not have the financial incentives to keep costs down
      - Growth rates of the entitlement share, will the revenues of the state keep pace with the requirements of the growth rate of the entitlement share?
   c. Ongoing deficit concerns:
      - The one-time revenue sources in fiscal year 2002 keep the total costs positive through the 2003 and 2005 biennial budgets. The net revenue and expense to the general fund is negative and growing from fiscal years 2003 – 2005 from $2.5 million to $4.6 million.
      - The phase out of reimbursements for HB20 and SB417 of $2.65 million per year through fiscal 2009 can not continue to be subtracted from the county-wide retirement and transportation block grants beyond fiscal year 2004 as there is not enough revenue in those block grants to cover the costs in many counties. This is potentially a $13 million revenue shortfall.
9. Highway states special revenue account is receiving more general fund than is necessary to keep the account at the current law level. The general fund appropriation in HB124 to the Department of Transportation should be reduced.
10. The appropriation for the 2003 biennium in HB124 for the industrial tax increment districts is $1.2 million higher than they received in the 2001 biennium. This appropriation should be reduced to the same as level as the current biennium.

Department of Commerce

11. Sections 95 and 96 revise the restrictions on local mill levies and will allow local governments to raise their mill levies as they see fit but will not have to mill the full capacity to establish a base for the next year which is the case under current law. This may make it more difficult to audit the propriety of the mill levies because the level at which the mill can be set is dependent on local management philosophy which may change from year to year.

Department of Justice, Motor Vehicle Division:

12. In Section 162, 61-3-321(1)(f) the reference to "logging trucks less than 1 ton" is unclear. The Motor Vehicle Division's records do not reflect any logging trucks titled or registered in Montana that are defined as "less than 1 ton."
13. Section 162, 61-3-321(1)(I) and (j) do not indicate whether the weight is the weight of the trailer or semitrailer or the declared gross vehicle weight.
14. Montana Statute 1-2-201(1)(c), MCA, provides that changes to the taxation fees in lieu of taxes for motor vehicles are to be effective the first day of January following passage and approval of the legislation which allows for fair and equal treatment of all Montana taxpayers. Since this bill is effective July 1, 2001, there would be a disparity in the types of collection and the distribution of those fees.
15. It may not be possible to complete the programming required by the State and the counties to implement this bill by July 1, 2001.

Department of Justice, Gambling Control Division:

16. There may be instances where actual increases in video gambling machine revenues from a local jurisdiction are not due to inflation or population adjustments. In those cases some jurisdictions will lose revenue as a result of passage of this bill and others will gain.
17. There are a few local jurisdictions that currently do not receive a distribution of video gambling machine taxes or permit fees because they currently do not have any video gambling machines permitted or active within the jurisdiction. There may come a time when a gambling operator is licensed and machines are permitted in those jurisdictions after July 1, 2001. Under the law as it is written it appears that their distributions will not be adjusted to reflect this fact.

There are other funding changes that result in a gain in revenue for the state. These changes are categorized as all other impacts. A listing of the changes is in Table 4 below.

Table 4
List of Category "All Other Impacts"

Revenue Impacts	Impact on State Government FY02	FY03
County Title-Road Funds	429,720	429,720
County Personalized Plate Fee ($20 of $25)	424,990	424,990
DNRC-PILT	560,578	560,578
Late Filing Fee	202,466	202,466
County Land Planning	198,663	198,663
State Aeronautics Fee	192,514	192,514
Special Mobile Equipment	45,611	45,611
Off-Highway County Titling	9,003	9,003
Disabled Veteran Flat Fee	7,486	7,486
Single Movement Permit	7,239	7,239
Veterans/Purple Hear $10 Original County General $3	6,602	6,602
Camper Decal/Replacement Decal	4,140	4,140
County Manufactured Home De-Title	208	208
Total Revenue Impacts	2,089,220	2,089,220

Note: While the above represent a proposed shift in revenue flow from local government to the state, it *does not mean* that local governments would lose revenue currently coming from these sources. The amount of revenue currently in these sources is included in the Entitlement Share payment to local governments.

HB 83 SPONSOR: Matthews, Gary SHORT TITLE: Repeal laws on naturalization duties of clerk of court
REFERRED ON: 01/04/2001 HEARD ON: 01/11/2001
EXECUTIVE ACTION: 01/19/2001 - Bill Passed -- VOTE: 18 - 0
FINAL DISPOSITION: 03/14/2001 Chapter Number Assigned

HB 111 SPONSOR: Lawson, Bob SHORT TITLE: Remove cap on local lakeshore protection fees
REFERRED ON: 12/28/2000 HEARD ON: 01/11/2001
EXECUTIVE ACTION: 01/11/2001 - Bill Passed -- VOTE: 18 - 0
FINAL DISPOSITION: 03/14/2001 Chapter Number Assigned

HB 124 SPONSOR: Story, Bob SHORT TITLE: Revise local government funding (a.k.a. The Big Bill)
BY REQUEST OF: Local Government Funding And Structure Committee
REFERRED ON: 03/10/2001 HEARD ON: 01/25/2001
REFERRED ON: 01/04/2001
EXECUTIVE ACTION: 03/21/2001 - Bill Passed as Amended -- VOTE: 13 - 5
FINAL DISPOSITION: 05/05/2001 Chapter Number Assigned

HB 130 SPONSOR: Lawson, Bob SHORT TITLE: Revising library laws
BY REQUEST OF: State Library Commission
REFERRED ON: 12/28/2000 HEARD ON: 01/09/2001
EXECUTIVE ACTION: 01/12/2001 - Bill Passed as Amended -- VOTE: 18 - 0
FINAL DISPOSITION: 03/19/2001 Chapter Number Assigned

HB 179 SPONSOR: Dell, Tom SHORT TITLE: Voter mill levy advisory language
REFERRED ON: 01/05/2001 HEARD ON: 01/23/2001
EXECUTIVE ACTION: 02/01/2001 - Bill Passed as Amended -- VOTE: 15 - 2
FINAL DISPOSITION: 05/01/2001 Chapter Number Assigned

HB 190 SPONSOR: Witt, John SHORT TITLE: Revise matching fund requirement for treasure state regional water system
REFERRED ON: 01/05/2001 HEARD ON: 01/18/2001
EXECUTIVE ACTION: 02/02/2001 - Bill Passed -- VOTE: 18 - 0
FINAL DISPOSITION: 04/13/2001 Chapter Number Assigned

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MARK NOENNIG**, on January 25, 2001 at 3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Mark Noennig, Chairman (R)
Rep. Jeff Mangan, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. John Esp (R)
Rep. Dennis Himmelberger (R)
Rep. Hal Jacobson (D)
Rep. Rick Laible (R)
Rep. Jesse Laslovich (D)
Rep. Bob Lawson (R)
Rep. Michelle Lee (D)
Rep. Brad Newman (D)
Rep. Ken Peterson (R)
Rep. William Price (R)
Rep. James Whitaker (R)
Rep. Cindy Younkin (R)
Rep. Story (R) Sub-committee
Rep. Branae (D) Sub-committee
Rep. Wanzenried (D) Sub-committee
Rep. Waitschies (R) Sub-committee

Members Excused: Rep. Rod Bitney, Vice Chairman (R)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 124, 1/22/2001
Executive Action: None

HEARING ON HB 124

Sponsor: Rep. Story, HD 24

Proponents: Harold Lange, Stillwater County Commissioner
Senator Grosfield, SD 13
John Lawton, Great Falls City Manager
Mary Ann Guggenheim, citizen
Alex Hanson, MT League of Cities and Towns
Eric Fjelstad, MT Assn. of Counties
Jani McCall, City of Billings
Kurt Alme, Director, Dept. of Revenue
Gene Harmon, Roosevelt County Commissioner
Vic Miller, Blaine County Commissioner
Linda Stoll, City of Missoula
Dale Bickell, CEO Missoula County
Jim Smith, Montana Library Association
Allan Underdal, Toole County Commissioner
Tim Mergenthaler, Helena City Manager
Mike Kadas, Mayor of Missoula
Mary Sexton, Teton County Commissioner
Carol Kienenberger, Phillips County Commissioner
Gale Patton, Sanders County Commissioner
Ruddy Holman, Butte-Silver Bow
Gordon Morris, MACO

Opponents: Dale Smiley, MT Motorcycle Safety
Michelle Hand, ABATE
Bob Jarvis, Browning School Board
Del Lonnquist, Motorcycle Safety
Mark Staples, MT Tavern Assn.
Ed Blackman, Gallatin County Fiscal Officer
Jeff Krauss, Gallatin County Treasurer
Tom Bilodeau, MEA-MFT
Mona Jamison, Gallatin County
Dale Williams, Flathead County
Marty Lambert, Gallatin County Attorney
Judy Stang, Mineral County Commissioners
Rhonda Carpenter, MT Housing Providers
Glen Anderson, Supt. of Schools Office
Linda Brandon, School Dist. Officials
Christie Blazer, MASP, Chemical Dependency Counselors
Roger Curtis, Gallatin County
Bob Vogel, MT School Board
Dave Pfizer, Member MT School Board Assn.
Madalyn Quinlan, Office of Public Instruction

20 EL

Informational Witnesses: Mary Pippin, Clerk of District Court
Rita Windom, Lincoln County Comm.
Bill Kennedy, Yellowstone County Comm.

Opening Statement by Sponsor: Rep. Bob Story, HD 24. HB 124 a.k.a the "Big Bill" is the result of an interim study committee. It will allow the legislature and state government to cooperate with local governments to go forward with developing common goals and meeting those goals. It allows us to share responsibility and gives everyone the opportunity to capture the economical potential of the State of Montana. The Department of Revenue and Rep. Story gave a Power Point presentation for the committee. This presentation included charts, graphs and explanations of the various components of HB 124. **EXHIBIT(1) EXHIBIT(2)EXHIBIT(3)** ***{Tape : 1; Side : A; Approx. Time Counter : 0 - 25.3}***

Proponents' Testimony: **Howard Lange, Stillwater County Commissioner**, I served as vice chair of the local government interim study committee. This bill promotes cooperation between state and local governments in Montana. ***{Tape : 1; Side : A; Approx. Time Counter : 28.9 - 32.0} {Tape : 1; Side : B; Approx. Time Counter : 0 - 2.5}***

Senator Lorents Grosfield, SD 13. I served on the interim committee and I also introduced the legislation that created the committee. Do not let the size of this bill scare you, those thoughts make people want to get out and once that starts it has a domino effect. We need to work through this bill and make it compatible for state and local government. This bill is the result of a lot work and it requires a "trust me" attitude. The statutory appropriations, in this bill, should create a stable base for the local governments to use in developing their budgets. ***{Tape : 1; Side : B; Approx. Time Counter : 2.5 - 7.3}***

John Lawton, Great Falls City Manager. I was a member of the local government funding interim committee. I have heard some concerns about trusting the legislature and why is this bill so large. These are not real issues. The legislature currently has the authority to change our sources of revenue. This bill puts all revenue in one basket which will make it easier to monitor. It is a big bill because it addresses several areas that need to be changed to make this bill work. **EXHIBIT(4)** ***{Tape : 1; Side : B; Approx. Time Counter : 7.3 - 11.2}***

Mary Ann Guggenheim, citizen. I served on this committee and believe this is a good bill for everyone concerned. It eliminates

these complicated schemes that happen when multiple transfers are made between state and local government. This bill puts all the funds in one pot and there are two transfers a year to keep track of.*{Tape : 1; Side : B; Approx. Time Counter : 11.2 - 14.4}*

Alec Hanson, MT League of Cities and Towns. Our association supports this bill. We feel it promotes cooperation and streamlines the funding mechanism for local government. *{Tape : 1; Side : B; Approx. Time Counter : 14.4 - 17.7}*

Eric Fjelstad, President of MACO. MACO supports this bill and welcomes the cooperation between the various levels of government.*{Tape : 1; Side : B; Approx. Time Counter : 17.7 - 19.2}*

Jani McCall, City of Billings. Billings supports HB 124. The city of Billings has an amendment to offer for the sub-committee to consider. *{Tape : 1; Side : B; Approx. Time Counter : 19.2 - 21.1}*

Kurt Alme, Dir. Dept of Revenue. The Governor's Office and the Dept of Revenue supports this legislation. *{Tape : 1; Side : B; Approx. Time Counter : 21.1 - 22.2}*

Gene Harmon, Roosevelt County Commissioner and vice-president of MACO. We support this bill. *{Tape : 1; Side : B; Approx. Time Counter : 22.2 - 23.8}*

Vic Miller, Blaine County Commissioner. I stand in favor of this legislation. *{Tape : 1; Side : B; Approx. Time Counter : 23.8 - 24.3}*

Linda Stoll, County of Missoula. The county is in support of this bill with an amendment on page 23. *{Tape : 1; Side : B; Approx. Time Counter : 24.3 - 29}*

Ms. Hill, Montana Taxpayers Assn. We support this legislation. We want to make sure the goal of the committee was de-earmarking funds and returning control to a local level. *{Tape : 1; Side : B; Approx. Time Counter : 29 - 30.5}*

Dale Bickell, CEO Missoula County. Testimony is in Exhibit 5. **EXHIBIT(5)***{Tape : 2; Side : A; Approx. Time Counter : 0 - 0.9}*

Jim Smith, Montana Library Association. The association supports this bill. *{Tape : 2; Side : A; Approx. Time Counter : 0.9 - 1.4}*

Allen Underdal, Toole County Commissioner. We stand in support of this bill. *{Tape : 2; Side : A; Approx. Time Counter : 1.4 - 2.1}*

Tim Mergenthaler, Helena City Manager. We support having a sub-committee assigned to this bill and believe it will be beneficial to all parties. ***{Tape : 2; Side : A; Approx. Time Counter : 2.1 - 2.5}***

Mike Kadas, Mayor of Missoula. Thanks the committee for hammering this bill out and supports the bill. ***{Tape : 2; Side : A; Approx. Time Counter : 2.5 - 4.3}***

Mike Murray, Lewis and Clark County Commissioner. Supporter of the bill. ***{Tape : 2; Side : A; Approx. Time Counter : 4.3 - 4.6}***

Mary Sexton, Teton County Commissioner. Our county supports HB 124. ***{Tape : 2; Side : A; Approx. Time Counter : 4.6 - 5.2}***

Carol Kienenberger, Phillips County Commissioner. I am not quite certain where I stand, but feel this bill will address some of the problems. ***{Tape : 2; Side : A; Approx. Time Counter : 5.2 - 8.2}***

Gale Patton, Sanders County Commissioner. Sanders County is in support of this bill. ***{Tape : 2; Side : A; Approx. Time Counter : 8.2 - 9.1}***

Gordon Morris, MACO. MACO was active in the drafting of this bill and feel it benefits our members. ***{Tape : 2; Side : A; Approx. Time Counter : 9.1 - 10}***

Ruddy Holman, Economic Development Officer Butte-Silver Bow. Supports the bill. ***{Tape : 2; Side : A; Approx. Time Counter : 10 - 10.2}***

<u>Opponents' Testimony</u>: **Dal Smiley, Montana Motorcycle Safety.** We oppose the section involving motorcycle fees. We do not want these funds unearmarked. ***{Tape : 2; Side : A; Approx. Time Counter : 10.2 - 13.5}***

Michelle Hand, ABATE. We oppose this bill for the same reason that Dal Smiley stated. ***{Tape : 2; Side : A; Approx. Time Counter : 13.5 - 17.5}***

Bob Jarvis, Browning School Board Member. I am representing myself not the school district. This bill will reduce the funds coming to the schools and counties for non-taxable federal lands, therefore I oppose this bill. ***{Tape : 2; Side : A; Approx. Time Counter : 17.5 - 18.6}***

Dale Lonnquist, motorcycle safety instructor, handed in his testimony opposing this bill. **EXHIBIT(6)** ***{Tape : 2; Side : A; Approx. Time Counter : 18.6 - 20.2}***

Mark Staples, MT Tavern Assn. I am here to express concern with Part 6 of HB 124. We are asked to trust the legislature with the bill. It is not that we do not trust them, but the members of legislature and local government change each session and these new members are not bound by the promises of previous legislators. Six years from now, nobody that is here today will be here then, therefore in six years no one will have the slightest clue what this bill is about and what commitments were made. ***{Tape : 2; Side : A; Approx. Time Counter : 20.2 - 26}***

Ed Blackman, Gallatin County Fiscal Officer. Gallatin County Commissioners oppose this bill. ***{Tape : 2; Side : A; Approx. Time Counter : 26 - 27}***

Jeff Krauss, Gallatin County Assessor and Treasurer. I am not here representing Gallatin County or the Assessor's Office. I personally oppose this bill. ***{Tape : 2; Side : A; Approx. Time Counter : 27 - 28.6} {Tape : 2; Side : B; Approx. Time Counter : 0 - 3.4}***

Tom Bilodeau, MEA-MFT. We stand in direct opposition to this bill. The single most important issue for counties is funding for schools. This bill does not adequately address this issue. ***{Tape : 2; Side : B; Approx. Time Counter : 3.4 - 7.8}***

Mona Jamison, Gallatin County. Gallatin County opposes this bill. I want to explain the trust issue. At the end of this session, the legislature begins to make cuts to balance the budget. The funds that go into the general fund have to appropriated by the legislature before they go to the Dept. of Revenue for distribution. Will these funds be used to balance the budget? Who knows. This makes the chance of the counties getting a fair deal doubtful. This bill also calls for approximately equal disbursements. What is approximately equal? ***{Tape : 2; Side : B; Approx. Time Counter : 7.8 - 11.6}***

Dale Williams, Flathead County Commissioners. We oppose this bill, because we do not understand the details and have doubts that the county distributions will be fair. We feel the larger counties will subsidize the smaller counties. Why should aggressive, growing counties be penalized? They should not. ***{Tape : 2; Side : B; Approx. Time Counter : 11.6 - 18.1}***

Marty Lambert, Gallatin County Attorney. Thanks the committee for their efforts. This bill is not good for our county and we cannot agree with HB 124. ***{Tape : 2; Side : B; Approx. Time Counter : 18.1 - 20.3}***

Judy Stang, Mineral County Commissioner. We opposed this bill. This will decrease the funding used for our senior citizen programs. ***{Tape : 2; Side : B; Approx. Time Counter : 20.3 - 21.5}***

The opponents were out of time and just stated their name and association for the record.

Ronda Carpenter, MT Housing Providers and MT Coin Owners and Operators. We stand in opposition of this bill. ***{Tape : 2; Side : B; Approx. Time Counter : 21.5 - 22.8}***

Glenda Anderson, County Supt. Of Schools. Opposed HB 124. **EXHIBIT(7)** ***{Tape : 2; Side : B; Approx. Time Counter : 22.8 - 23.5}***

Linda Brandon, MT School Dist Officials. Opposes HB 124. ***{Tape : 2; Side : B; Approx. Time Counter : 23.5 - 24.8}***

Christie Blazer, MT Assn of Chemical Dependency Counselors. Opposes HB 124. ***{Tape : 2; Side : B; Approx. Time Counter : 24.8 - 25.8}***

Roger Curtis, Gallatin County. Opposes HB 124.***{Tape : 2; Side : B; Approx. Time Counter : 25.8 - 26.2}***

Bob Vogel, MT School Board Assn. This association stands in opposition to HB 124 in its current form. ***{Tape : 2; Side : B; Approx. Time Counter : 26.2 - 26.4}***

Dave Pfizer, Member MT School Board Assn. Opposed HB 124. ***{Tape : 2; Side : B; Approx. Time Counter : 26.4 - 26.7}***

<u>Informational Testimony</u>:
Madalyn Quinlan, Office of Public Instruction. Will answer any questions. ***{Tape : 2; Side : B; Approx. Time Counter : 26.7 - 27.2}***

Bill Kennedy, Yellowstone County Commissioner. I am here to answer any questions for the committee. ***{Tape : 2; Side : B; Approx. Time Counter : 27.2 - 28.8}***

Mary Pippin, MT Assn. of Clerk of Courts. EXHIBIT(8) ***{Tape : 2; Side : B; Approx. Time Counter : 28.8 - 30}***

Questions from Committee Members and Responses: **Rep. Story** explains the growth factor to **Rep. Laible**.

Rep. Laslovich, in Deer Lodge county we are struggling with insurance, how will this bill help? **Rep. Story**, I am not certain how this bill will help, except that the counties will know when and how much money they are going to have to work with.

Rep. Peterson, the interim committee spent several hours to make this bill workable, you indicated you did not agree with them, tell us what your solution is? **Mr. Krauss**, I am not sure what the solution is, but I am sure that having the state collect and distribute all funds will not work.

Rep. Esp, you alluded to the problems with school district funding, would you explain? **Linda Brandon**, It is the federal portion we are worried about and how this will affect the distribution of the funding. ***{Tape : 3; Side : A; Approx. Time Counter : 0 - 9.4}***

Closing by Sponsor: Rep. Story closed with a short summary of the bill and invited the witnesses to participate in the meeting with the sub-committee. ***{Tape : 3; Side : A; Approx. Time Counter : 9.4 - 20}***

This bill was assigned to a sub-committee to make any necessary and recommended changes.

ADJOURNMENT

Adjournment: 6:00 pm

Mark E. Noennig
REP. MARK NOENNIG, Chairman

Pati J. O'Reilly
PATI O'REILLY, Secretary

MN/PO

EXHIBIT 1
DATE 1/25/01
HB 140 124

January 25th, 2001

Local Government Committee
Chairman Mark Noennig
Committee Members

I am writing in opposition to HB124. Some on the reasons are:

1) It does not make sense to send revenue from a county to the state coffers, hire more people to handle this revenue, the county loses the interest that this revenue would make when invested; and then send it back to the county.

2) Who is going to keep track of this money? How many reports will have to be done? How many more employees will have to be hired, at both the state and county levels to keep track of this money?

3) What happens if the refund check back to the county is entered into the computer, an error shows, the person entering the information does not notice and the check does not get printed, the county realizes that the money has not been returned to the county, WHERE DOES THE TREASURER GO TO FIND THE MONEY THAT HAS NOT BEEN RECEIVED? This happen to me in the Clerk of Court's office on the criminal reimbursement that my office was to receive from the Court Administrator's office. It took several phone calls to finally talk to someone who knew what I was talking about. My county eventually received the missing check but if I would not have been aware that it was missing, no one in Helena would have known.

Thank you for taking the time to read about my concerns.

Emile Kimmet

Emile Kimmet
Clerk of Court &
Teton County Taxpayer

EXHIBIT 3
DATE 1/25/01
HB ~~140~~ 124

MONTANA ASSOCIATION OF COUNTIES

HOUSE BILL 124 ANALYSIS

Prepared by
C. Gordon Morris Executive Director

House Bill 124 is central to the work of the Local Government Structure and Funding Committee completed over the course of the most recent interim. A detailed analysis is contained in the published report Simplification In the 21st Century. The report covers all of the recommendations made by the Committee and so includes issues outside of the immediate questions in regard to HB 124, as introduced by Representative Story. I limit myself herein to this bill in an effort to sort out the issues and provide a recommendation for commissioner consideration throughout Montana.

The bill can be dissected into its component parts with an explanation of each. The following is an effort to do just that.

1) **Revising the laws governing local government and state revenue collection and allocation.** As set forth in the bill, many of the revenues traditionally collected at the local level would be redirected to the state general fund. The intent is that this would simplify the flow of revenue used to fund state government, local governments and schools and eliminate the host of intergovernmental transfers, significantly the following: motor vehicle taxes and fees; gaming revenue; district court fees; financial institutions tax; Taylor Grazing payments; alcohol related taxes and a host of "miscellaneous revenues".

This would result in a net reduction in revenue for all counties and cities and towns. Tied to this is the assumption that this increase in state general fund revenue can then be used to transfer funds to local governments through an annual entitlement share program in a manner that would keep all local government units whole at their current funding levels

It is recommended that MACo cautiously support this provision, recognizing the risks associated with the current system versus the risks of this alternative. It is further recognized that without this provision, the current reimbursements are in jeopardy along with motor vehicle monies, gambling monies and other miscellaneous revenues. At risk is the long-term reliance upon a statutory appropriation and legislative funding of the resulting "entitlement" for local government. It must also be understood that the reimbursement provision under current law—Chapter 584, Section 167, Montana Session Laws 1999---is scheduled to terminate on December 31, 2001. This would reenact the reimbursement going forward indefinitely.

2) **Clarifying state mandates that may not be imposed on local governments without funding.** This represents an expansion of the current mandate provisions as set forth in MCA 1-2-112 and clarifies what mandates the legislature must fund. It is the hope that this would clear up the current confusion about mandates and whether property taxes, as a revenue source, can be used to fund what would otherwise be a mandate.

It is recommended that this mandate clarification be supported without regard to the remainder of the bill.

3) **Eliminating specific statutory mill levy restrictions.** This involves the many sections of the bill that eliminate existing references to a specified number of mills. All local government mill levy limits are repealed along with some specific fees and the funds are restricted under the tax limitation provisions of MCA 15-10 420.

It is recommended that lifting the levy and fee restrictions be supported without regard to the remainder of the bill.

4) **Revising the limit on property taxes.** This portion of the bill amends the property tax limit as established in SB 184 from the 1999 legislative session. The amendments clarify the definition of "newly taxable," establish a "transitional limit," provide a "growth mechanism," eliminates the "disincentive" for reducing taxes by establishing a "carry forward tax authority mechanism," and establishes certain exceptions to the property tax limit.

It is recommended that the revision to the property tax limitation be supported, with a stated preference for the permanent section and the elimination of the temporary provision provided for in the bill. This recommendation can be maintained without regard to the remainder of the bill.

5) **Providing for a uniform election procedure to exceed the mill levy limit.** This provision reestablished the voting methodology as initially set forth under the provisions of I-105 and codified as MCA 15-10-412, now repealed. This section clearly enables the authority to ask the voters for additional taxing authority now only assumed under special election laws.

It is recommended that this provision be supported without regard to the remainder of the bill.

6) **Providing for local government entitlements to replace reimbursements and to account for revenue allocations.** This section ties directly to item number one (1), as set forth above. It is intended to ensure that local governments receive the same amount of revenue as they received in fiscal year 2001. It establishes a growth factor for the entitlement share at 70% of the 5 year rolling average of the state gross domestic product and personal income growth. This rate would be 3.2% for fiscal year 2002 and 3.1% for fiscal year 2003.

It is recommended that this provision be supported as it is tied directly to the revenue revision outline in Item 1, without which the entire concept of revenue transfers and entitlements collapses. This item also takes into account the necessary state funding for both district court and welfare. This element tied directly to the "streamlining" succeeds only in conjunction with Item 1.

7) **Providing for a statutory appropriation for entitlement payments.** This is an attempt to ensure that the mechanism will be present to fund the entitlement with the realization that it ultimately, as always, is dependent upon the legislature.

It is recommended that this provision be supported in conjunction with items 1 and 6, without which the need for the statutory appropriation is gone.

8) **Providing for fund transfers from the general fund to state agencies to account for revised allocations.** This provision merely replaces otherwise dedicated revenues that under

current law would flow to various agencies from revenues collected in the courthouse. The revenue will have lost its original identity under this proposal and agencies would be funded by a general fund appropriation.

It is recommended that this provision be supported while recognizing that without items 1 and 6, the need for this provision is eliminated.

9) **Eliminating state payments in lieu of taxes for state land and land owned by the department of fish, wildlife, and parks.** This provision is directly tied to the entitlement concept outlined above and assumes the state payments within the eligible entitlement per county. There is no assumption tied to additional acquisitions by the department that would increase the in lieu of payment within the entitlement itself.

It is recommended that this item be supported with recognition that with items 1 and 6, we return to current law. If enacted it would be recommended that the Committee study the growth aspect of the in lieu of payments in relationship to the eligible entitlements.

10) **Providing for certain uniform vehicle fees.** This provision proposes to simplify the various vehicle fees in regard to the ultimate distribution, with all revenue with the exception of GVW, being deposited with the state. Further the proposal seeks to eliminate the confusion over the variety of fees assessed for such things as registration, titling, and specialized plates by establishing a uniform and more consistent fee schedule.

It is recommended that this provision be supported with recognition of the fact that again without items 1 and 6, this whole effort becomes moot.

11) **Retaining vehicle fees, alcohol taxes, and gambling taxes at the state level.** This constitutes the bulk of the revenue, proposed to be transferred to the state and replaced for local government purposes, within the entitlements.

It is recommended that these provisions be supported with recognition once again that if items 1 and 6 are not approved, then this provision becomes unnecessary or moot.

12) **Revising the funding method for providing public assistance.** This provision covers the cost of the state fully funding welfare and replacing local funding in both assumed and non-assumed counties.

It is recommended that this provision be supported with the recognition that without the provisions of items 1 and 6, then an alterative funding mechanism would need to be found apart from House Bill 124.

13) **Converting certain special levies into fees.** This section removes dollar specific fees where there is no need for the fee to be uniform statewide to a fee established by local government. The best example would be the mosquito district fee established in MCA 7-22-2432.

It is recommended that this provision be supported without regard to the remainder of the bill.

14) **Providing for block grants for school districts.** This provision is based upon the state retaining six local revenue sources at the state level and replacing them with a single reimbursement to each school district. This reimbursement is outside of the local government entitlement and it does not include a growth factor, as does the entitlement.

Recommend that this issue be cautiously supported. This item could be maintained without regard to items 1 and 6, but would require that the portion of the six revenues identified as going to the state, would have to be amended into current law,

15) **Providing for payment to counties for distribution to school districts for purposes of countywide transportation and countywide retirement.** These provision provide for replacement revenue to address the revenue change as a result of HB 540 less the reduction associated with HB 20 and SB 417.

There is no recommendation being made on these provisions.

16) **Appropriating money for school district block grants, countywide school transportation and countywide school retirement.** This provides the funding for the block grant required for schools with an appropriation to the Office of Public Instruction of $64, 950,619 for fiscal year 2002 and $64,950,619 for fiscal year 2003. In addition, the funding for both retirement and transportation are included.

There is no recommendation being made on these provisions.

Recommended amendments to House Bill 124, Representative Story, Sponsor

Offered by C. Gordon Morris, Executive Director, MACo

It is recommended that local governments, as defined on page 3, lines 18 and 19, need a consistent procedure for redistributing the "base component" as referred to in Section 1(1), that would provide assurance that all taxing jurisdictions would get an "amount approximately equal to the revenue" they would "have received from sources other than property taxes. This should be inserted in Section 1, as subsection (a). The following is suggested:

"(a) each local government shall calculate each taxing jurisdictions portion of the base component in an amount that is approximately equal to the revenue that the taxing jurisdiction would have received from sources other than property taxes prior to the passage of {this act}."

Additionally, several sections need to be struck from the bill:

Page 18	Section 23	Budgets of appointed boards and commissions - exemption for bonds
Page 19	Section 25	Responsibility of county commissioners to fix tax rate and levy tax
Page 20	Section 28	All-purpose levy - maximum
Page 21	Section 30	County detention center inmate medical costs
Page 21	Section 33	Budgets of appointed boards and commissions - exemption for bonds
Page 27	Section 44	Notice of resolution of intention to create district - hearing
Page 28	Section 45	Resolution for levy and assessment of tax
Page 28	Section 46	Sources of money for revolving fund
Page 29	Section 47	Covenants to use revolving fund - duration of revolving fund obligation - factors to be considered
Page 31	Section 48	Notice of passage of resolution of intention
Page 32	Section 49	Resolution for tax levy upon district property
Page 32	Section 50	Sources of money for revolving fund
Page 33	Section 51	Covenants to use revolving fund - duration of revolving fund obligation - factors to be considered
Page 35	Section 52	Resolution to assess and levy tax for making improvements
Page 35	Section 53	Resolution to establish service charges - hearing - limitation and tax levy
Page 36	Section 54	Solid waste management district bonds authorized
Page 37	Section 55	Joint district bonds authorized
Page 37	Section 56	Powers related to district finances
Page 38	Section 57	Levy of special assessments
Page 39	Section 58	Levy of taxes to meet bond obligations and other expenses
Page 40	Section 59	Notice of intention to levy tax
Page 40	Section 60	Financial administration of district
Page 41	Section 61	Resolution to assess and levy tax for making improvements
Page 41	Section 62	Resolution to establish service charges - hearing - limitations and tax levy
Page 42	Section 63	Control over territory occupied by water supply system - taxation and condemnation powers

EXHIBIT 3
DATE 1/25/01
HB 124

HOUSE LOCAL GOVERNMENT COMMITTEE
OPPOSTION TESTIMONY TO HB 124

By: Dal Smilie, Chairman
Montana Motorcycle Safety Advisory Committee;
Vice Chairman, American Motorcyclist Association

I represent the statutorily created Montana Motorcycle Safety Advisory Committee. That committee was created in 1989 to advise the Montana Motorcycle Safety Education Program. I also serve as national Vice Chairman of the Board of the 275,000 member American Motorcyclist Association which represents the interest of on and off road motorcyclists of which over 600 Montanans are members.

Montana motorcyclists approached the Montana Legislature and volunteered to pay additional fees to assist the Montana Department of Fish, Wildlife and Parks with off road trail opportunities. They also volunteered fees on registration and licensure of on road motorcycles to create a rider-funded motorcycle safety program. These fees meet the test set out in SB 162, a companion to HB 124, to be kept as earmarked funds.

The Montana Motorcycle Safety Education Program has won two national awards, it has trained thousands of riders and saved many lives. Senator Max Baucus and Senator Emily Stonington are a couple of its graduates. It is attached to Montana State University at Northern. 2000 was a record-breaking year for the program.

HB 124 takes these user volunteered fees and channels them through the General Fund. The appropriations back to the programs cap income at much less than the historical increase in fees. The remainder goes to the General Fund. This shift amounts to a **hidden tax increase**. The on and off road programs' income from fees has been increasing yearly at between 16% and 20% but the amount returned is limited to about 1.5% greater than FY 2000 levels.

Even if all of these fees were returned in an appropriation, motorcycle riders would have to return each session to lobby to keep the funds they have volunteered. These funds should stay earmarked and dedicated to the purpose for which they were intended.

I-115 decreased many license fees. Owners of 11 year-old vehicles have an option to do a one-time licensure. The Montana Motorcycle Safety Education would lose annual fees on these machines but the gain of the one time "5 year

equivalent bump" should have averaged out. This "bump" is no longer returned to the program and essentially amounts to **another hidden tax increase**.

The 55,000+ Montana on and off road motorcyclists volunteered extra fees to serve useful purposes. This is an example of very responsible citizens. These riders feel they have a **social contract** with government that will be breached by this taking.

Section 20-25-1002(2) of the Montana Code Annotated guarantee that money collected from registration fees will be deposited in the state motorcycle safety account. HB 124 **breaches that promise**.

The present $2.00 fee on road going motorcycles is increased to $18.00. While other prior fees were included there is still a **huge increase in taxes (fees)** on motorcycles. The motorcycle fee is higher than other users and the increase is great.

Vintage motorcycles get a **100% increase in taxes (fees)**.

Motorcyclists are not opposed to HB 124, just the aspects that convert their volunteered fees and give them to the General Fund. These fees should not be "shaved" to help balance the budget. These are responsible citizens who didn't ask government for help without volunteering their own money, the deal should be honored.

Please carve motorcycling out of this bill.

HB 124 Committee Testimony
January 25, 2001

- We believe the bill is a major step to simplification and will save the state and local governments countless long-term dollars in improved efficiencies alone. We have spent significant time analyzing this bill and feel the benefits of the long-term stability of the entitlement program exceeds the benefits of the revenues we are transferring to the state. Many of these revenues, such as motor vehicle and gambling, are growing at a faster rate than would be expected out of the entitlement program. But the long-term predictability of the entitlement program outweighs these concerns.

- We support certain amendments proposed by Rep. Story and MACO.

    - We support the clarification language regarding the entitlement program included by Rep. Story.
    - We support the MACO amendment to exempt RSID's from the 15-10-420 mill cap.
    - With clarification we received from the Dept of Revenue, we support the temporary (Section 118) mill levy dollar limits imposed to transition the bill.
    - However, the permanent (Section 119) mill levy dollar limits established by the bill removes the "hold harmless" clause that is available in Section 118. Specifically, Section 119 precludes local governments from levying additional property taxes in the event of reductions in the entitlement share base components. We would support an amendment that would allow a local government to increase the number of mills to account for a decrease in the entitlement share.

- We also want to reinforce with the Committee the importance of the partner bills to HB 124:

    - SB 138 which greatly improves local government accounting and budget law.
    - SB 176 which transfers administration of district courts now funded by the counties to the state.

Respectfully submitted by:
Dale D. Bickell
Chief Financial Officer
Missoula County
406-829-4229
dbickell@co.missoula.mt.us

EXHIBIT 4
DATE 1/25/01
HB 124

Date: January 25, 2001

To: Chairman Mark Noennig
Members of the Local Government Committee

From: Mary Bryson
21 Crazy Mountain Road
Clancy, MT 59634

RE: House Bill 124 - "An Act generally revising the laws governing local government and state revenue collection and allocation."

I'm writing to today to document my support of HB 124, the "big bill" for local government funding and structure. I am representing myself, as a citizen taxpayer of the state of Montana. Over the last two years I had the privilege to serve on the Local Government Funding and Structure Committee. It was a committee that worked very hard to craft a solution to the complex revenue and trust relationship between the state and local governments. This bill is part of the solution.

This bill represents an opportunity for change, for simplification, and goes further to lay the foundation for a more trusting relationship between the state and local governments. It is not a small step, but a large one. I will not discuss the details of the legislation, others will. But you may ask – why this legislation, and why now?

Over the course of the last 20 years I've had the opportunity to participate in at least three separate "evaluations" by various entities of the transfer of money between the state and local governments. I was and continue to be amazed at the complex system that has been created and built over the years. It reminds me of the Winchester House in California – where Mrs. Winchester built continuously, and lost sight of the original design and purpose for the additions and changes to the house. This legislation takes all that history and that complexity and sets it aside. It says, let's wipe the slate clean and establish boundaries for this relationship, and partner in sharing the revenue generated by the various sources currently available to us.

In those reviews the results were the same – the state agencies were not sure they had received the appropriate amount of revenue from local governments through the monthly transfers. The local governments were not sure the distributions from the state were right. In addition, the 1999 Legislature passed several pieces of legislation that changed the tax base for both state and local governments. However, local governments were more significantly impacted. SB 184, 1999 Legislature, contained a two-year reimbursement provision to fill the void of the reduced revenue available to local governments.

The tax reform legislation passed by the 1999 Legislative Session and the issues identified in the "evaluations" of revenue transfers met head on to form a compelling change imperative. This is the change imperative addressed by the Local Government Structure and Funding Committee and now by this legislation. Every entity that shares in the revenue stream has a stake in this legislation – the time has come for change.

Simplification and accountabillty were the goals that we set for ourselves and this bill lays a solid foundation for both. I for one as a taxpayer would like to be convinced that government (any government) knew where my tax dollars came from and where they went. This legislation starts the process for providing me the assurances that I want as a taxpayer.

Is it a perfect bill and a perfect solution? Probably not, and only time will tell. I believe it is a place to start, and in my opinion, the time to start is now. I urge you to favorably consider this bill with a "Do Pass." Thank you.

EXHIBIT 5
DATE 1/25/01
HB 124

HB 124 Committee Testimony
January 25, 2001

- We believe the bill is a major step to simplification and will save the state and local governments countless long-term dollars in improved efficiencies alone. We have spent significant time analyzing this bill and feel the benefits of the long-term stability of the entitlement program exceeds the benefits of the revenues we are transferring to the state. Many of these revenues, such as motor vehicle and gambling, are growing at a faster rate than would be expected out of the entitlement program. But the long-term predictability of the entitlement program outweighs these concerns.

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    - SB 176 which transfers administration of district courts now funded by the counties to the state.

Respectfully submitted by:
Dale D. Bickell
Chief Financial Officer
Missoula County
406-829-4229
dbickell@co.missoula.mt.us

EXHIBIT 6
DATE 1/25/2001
HB 124

Del Lonnquist
Motorcycle Safety Instructor
Certified By Motorcycle Safety Foundation
Certification # 106276

Re: HB 124

Back in 1989 a group of motorcycle riders came to a committee similar to this one and talked about the lack of a motorcycle safety program for new riders. They offered to pay for a safety training program for new riders by placing an additional $5.00 fee on every motorcycle license sold in Montana.
This year MSU-Northern will conduct nearly one hundred classes in nine Montana cities. Well over a thousand new or inexperienced riders will receive the safety training that could very well save their lives.
This is a program paid for by motorcycle riders.
Each year for the past four years motorcycle sales have risen by over 20%.
As the number of motorcycles sold goes up, the number of students signing up for safety classes goes up by virtually the same figure. And the amount of money available for training the increased number of students is available because of the $5.00 motorcycle license fee. If the $5.00 is put into the general fund, and the amount of money available for training goes up only by the proposed 1.5%, while the number of students is increasing 20% we'll fall behind in our training for the first time since 1989.
This program works as it is.
It is revenue neutral for the state.
Bikers have paid for the program from the start, but if we start falling behind it will be like many other state programs.
Motorcycle Riders will be coming to the legislature to ask for budget increases to maintain the quality of training.
Today it's working without taxpayer assistance.
It pays for itself.
If this bill goes forward, could you remove the motorcycle registration fee of $5.00 from the bill and leave our program as it is?
It's self regulating.
Please, leave our $5.00 registration fee out of this bill.
If you do that, we'll do our best to make the streets and highways of Montana safer places for everyone.
And we might just save some lives in the process.
Thank you for your time and consideration.

Del Lonnquist

Ex. 7
1-25-01
HB 124

Effects of HB 124 on City/County income from gambling VGM tax.
This chart shows how much will be contributed to the population divided pot.

Assumptions:

Base Year *FY 2000*
Inflation *3.00%*
Consolidated Reimbursement is in effect for FY2001
Gambling revenue grows at the average of the last three fiscal years for FY 2001
All growth in excess of the inflation rate is deposited in the 'Pool' to be distributed by population.

All other sources grow at the inflation rate and contribute nothing to the 'Pool.'

No.	County/City	Base Year FY2000	Percentage of Change 97-98	98-99	99-00	Average	Est Effect on FY2001 Total Tax	To Pool	Est Effect on FY2002 Total Tax	To Pool	Est Effect on FY2003 Total Tax	To Pool	Est Effect on FY2004 Total Tax	To Pool
50065	Jordan	$7,450	34.63%	-47.46%	-63.00%	-25.27%	$5,567	($2,106)	$7,904	($3,744)	$8,141	($5,032)	$8,385	($6,082)
44066	Judith Gap	$2,668	-10.37%	-14.59%	-0.05%	-8.34%	$2,446	($302)	$2,830	($589)	$2,915	($861)	$3,003	($1,119)
07067	Kalispell	$1,153,840	-6.40%	1.71%	11.58%	2.29%	$1,180,284	($8,171)	$1,224,109	($16,774)	$1,260,832	($25,827)	$1,298,657	($35,347)
21068	Kevin	$7,049	32.58%	-13.49%	-20.64%	-0.51%	$7,013	($248)	$7,479	($502)	$7,703	($762)	$7,934	($1,029)
56072	Libby	$250,471	5.75%	-4.30%	5.00%	2.15%	$255,850	($2,135)	$265,724	($4,379)	$273,696	($6,738)	$281,907	($9,215)
48000	Liberty	$1,413	-5.34%	-68.04%	33.13%	-13.42%	$1,223	($232)	$1,499	($440)	$1,544	($627)	$1,590	($796)
56000	Lincoln	$226,367	-4.87%	-3.71%	7.26%	-0.44%	$225,371	($7,787)	$240,153	($15,773)	$247,358	($23,965)	$254,779	($32,369)
25000	Madison	$28,612	-3.28%	-24.88%	13.54%	-4.87%	$27,218	($2,253)	$30,355	($4,463)	$31,265	($6,635)	$32,203	($8,773)
11076	Malta	$59,123	1.77%	-18.76%	-5.20%	-7.40%	$54,749	($6,148)	$62,724	($12,025)	$64,606	($17,657)	$66,544	($23,069)
06077	Manhattan	$24,461	-5.16%	-12.83%	9.04%	-2.98%	$23,732	($1,463)	$25,951	($2,927)	$26,730	($4,392)	$27,531	($5,860)
41000	McCone	$1,455	58.68%	-80.35%	-3.30%	-8.32%	$1,334	($165)	$1,544	($321)	$1,590	($469)	$1,638	($610)
23079	Melstone	$907	-21.23%	-68.09%	16.09%	-31.08%	$825	($309)	$963	($532)	$991	($694)	$1,021	($816)
54000	Mineral	$168,031	6.12%	-1.35%	4.22%	2.99%	$173,062	($9)	$178,264	($19)	$183,612	($30)	$189,120	($41)
08082	Moore	$1,947	-81.16%	-10.32%	-10.55%	-34.01%	$1,285	($720)	$2,065	($1,217)	$2,127	($1,568)	$2,191	($1,822)
23000	Musselshell	$7,954	-59.16%	-20.83%	22.33%	-19.22%	$6,426	($1,767)	$8,439	($3,248)	$8,692	($4,499)	$8,953	($5,565)
20083	Nashua	$5,093	-74.87%	26.80%	20.18%	-9.30%	$4,620	($626)	$5,404	($1,213)	$5,566	($1,765)	$5,733	($2,285)
20085	Opheim	$3,235	-10.59%	31.30%	-62.63%	-13.97%	$2,783	($549)	$3,432	($1,038)	$3,535	($1,475)	$3,641	($1,869)
34086	Outlook	$217	-30.59%	-59.07%	20.30%	-23.12%	$167	($57)	$230	($102)	$237	($138)	$244	($168)
55000	Petroleum	$0	-100.00%	0.00%	0.00%	-33.33%	$0	$0	$0	$0	$0	$0	$0	$0
46087	Philipsburg	$25,201	-4.68%	-11.00%	-4.55%	-6.74%	$23,502	($2,455)	$26,736	($4,819)	$27,538	($7,099)	$28,364	($9,303)
17093	Poplar	$40,938	-4.97%	-3.12%	9.98%	0.63%	$41,195	($971)	$43,431	($1,977)	$44,734	($3,019)	$48,076	($4,098)
0900	Powder River	$250	-100.00%	0.00%	100.00%	0.00%	$250	($8)	$265	($15)	$273	($23)	$281	($31)
28000	Powell	$22,621	18.19%	-21.20%	-17.23%	-6.75%	$21,094	($2,205)	$23,998	($4,327)	$24,718	($6,375)	$25,460	($8,354)
45000	Prairie	$575	-7.72%	-43.94%	-2.40%	-18.02%	$471	($121)	$610	($224)	$628	($311)	$647	($387)
27000	Richland	$13,883	-10.80%	-32.39%	4.39%	-12.93%	$12,088	($2,212)	$14,729	($4,204)	$15,171	($6,007)	$15,626	($7,648)
29000	Rosebud	$46,891	2.85%	-69.61%	-60.76%	-42.50%	$26,980	($21,337)	$49,746	($34,245)	$51,239	($42,326)	$52,776	($47,852)
53099	Rygate	$4,904	-24.31%	3.88%	-51.16%	-23.86%	$3,734	($1,317)	$5,203	($2,360)	$5,359	($3,194)	$5,520	($3,872)
37101	Scobey	$31,212	1.32%	-12.13%	4.45%	-2.12%	$30,550	($1,598)	$33,113	($3,210)	$34,106	($4,838)	$35,129	($6,482)
34000	Sheridan	$5,312	26.92%	-11.39%	-77.26%	-20.58%	$4,219	($1,252)	$5,635	($2,284)	$5,804	($3,143)	$5,978	($3,865)
38106	Stanford	$5,805	23.28%	4.29%	-59.94%	-10.79%	$5,179	($801)	$6,159	($1,539)	$6,344	($2,223)	$6,534	($2,858)
13107	Stevensville	$46,167	-14.06%	2.40%	5.90%	-1.92%	$45,279	($2,273)	$48,979	($4,570)	$50,448	($6,893)	$51,961	($9,244)
54109	Superior	$83,812	2.77%	0.62%	2.99%	2.13%	$85,593	($733)	$88,917	($1,504)	$91,584	($2,314)	$94,332	($3,185)
45110	Terry	$12,780	5.07%	2.20%	-19.18%	-3.97%	$12,272	($891)	$13,558	($1,773)	$13,965	($2,648)	$14,384	($3,516)
08112	Three Forks	$27,401	-5.22%	-5.14%	14.36%	1.33%	$27,766	($457)	$29,070	($933)	$29,942	($1,430)	$30,840	($1,948)
21000	Toole	$16,896	4.87%	-0.09%	-52.27%	-15.83%	$14,053	($3,144)	$17,713	($5,885)	$18,245	($8,289)	$18,792	($10,412)
33000	Treasure	$0	-100.00%	0.00%	0.00%	-33.33%	$0	$0	$0	$0	$0	$0	$0	$0
56114	Troy	$60,033	-7.99%	3.68%	9.13%	1.60%	$60,995	($838)	$63,689	($1,715)	$65,599	($2,632)	$67,567	($3,590)
25115	Twin Bridges	$1,980	-103.26%	37.63%	52.45%	-4.39%	$1,874	($145)	$2,079	($288)	$2,142	($429)	$2,206	($568)
28116	Valier	$3,523	-9.50%	-45.05%	-44.98%	-33.18%	$2,354	($1,275)	$3,738	($2,185)	$3,850	($2,799)	$3,966	($3,263)
20000	Valley	$68,628	-1.88%	-0.41%	9.91%	2.54%	$70,371	($316)	$72,808	($650)	$74,992	($1,003)	$77,242	($1,374)

Prepared by: R.E. Miller, GIA

Effects of HB 124 on City/County income from gambling VGM tax.
This chart shows how much will be contributed to the population divided pot.

Assumptions:

Base Year *FY 2000*

Inflation *3.00%*

Consolidated Reimbursement is in effect for FY2001

Gambling revenue grows at the average of the last three fiscal years for FY 2001

All growth in excess of the inflation rate is deposited in the 'Pool' to be distributed by population.

All other sources grow at the inflation rate and contribute nothing to the 'Pool.'

No.	County/City	Base Year FY2000	Percentage of Change 97-98	98-99	99-00	Average	Est Effect on FY2001 Total Tax	To Pool	Est Effect on FY2002 Total Tax	To Pool	Est Effect on FY2003 Total Tax	To Pool	Est Effect on FY2004 Total Tax	To Pool
25117	Virginia City	$10,151	-5.24%	-12.32%	-21.38%	-12.98%	$8,833	($1,622)	$10,769	($3,082)	$11,092	($4,403)	$11,425	($5,604)
01118	Walkerville	$2,287	-30.36%	-39.80%	-59.87%	-43.34%	$1,296	($1,060)	$2,427	($1,692)	$2,499	($2,083)	$2,574	($2,339)
34120	Westby	$5,704	32.07%	-39.85%	-4.10%	-3.96%	$5,478	($397)	$6,051	($790)	$6,233	($1,180)	$6,420	($1,567)
44000	Wheatland	$9,227	18.75%	-17.76%	-24.06%	-7.69%	$8,518	($986)	$9,789	($1,927)	$10,083	($2,825)	$10,385	($3,685)
52000	Wibaux	$0	-39.19%	-100.00%	0.00%	-46.40%	$0	$0	$0	$0	$0	$0	$0	$0
55126	Winnett	$1,892	-34.13%	-46.00%	-15.75%	-31.96%	$1,287	($681)	$2,007	($1,131)	$2,067	($1,471)	$2,129	($1,724)
		$3,969,957					$3,945,148	($143,808)	$4,211,727	($272,978)	$4,338,079	($393,933)	$4,468,221	($508,094)

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Effects of HB 124 on City/County income from gambling VGM tax.
This chart shows how much will be contributed to the population divided pot.

Assumptions:

Base Year *FY 2000*

Inflation *3.00%*

Consolidated Reimbursement is in effect for FY2001

Gambling revenue grows at the average of the last three fiscal years for FY 2001

All growth in excess of the inflation rate is deposited in the 'Pool' to be distributed by population.

All other sources grow at the inflation rate and contribute nothing to the 'Pool.'

No.	County/City	Base Year FY2000	Percentage of Change 97-98	98-99	99-00	Average	Est Effect on FY2001 Total Tax	To Pool	Est Effect on FY2002 Total Tax	To Pool	Est Effect on FY2003 Total Tax	To Pool	Est Effect on FY2004 Total Tax	To Pool
54001	Alberton	$25,363	16.27%	8.37%	32.84%	19.16%	$30,223	$4,099	$26,907	$9,106	$27,715	$15,200	$28,546	$22,591
30000	Anaconda	$399,770	7.74%	1.47%	0.43%	3.22%	$412,629	$866	$424,116	$1,786	$436,839	$2,763	$449,844	$3,798
17003	Bainville	$29,255	22.64%	15.57%	3.73%	13.98%	$33,345	$3,212	$31,037	$6,970	$31,968	$11,352	$32,927	$16,449
06006	Belgrade	$221,213	4.69%	9.20%	18.01%	10.64%	$244,739	$16,890	$234,685	$36,084	$241,725	$57,840	$248,977	$82,448
02007	Belt	$28,526	-4.66%	1.53%	16.96%	4.61%	$29,841	$459	$30,263	$953	$31,171	$1,484	$32,106	$2,054
22000	Big Horn	$16,352	20.18%	19.94%	29.83%	23.32%	$20,165	$3,322	$17,348	$7,518	$17,868	$12,795	$18,404	$19,409
03010	Billings	$4,389,226	3.60%	4.34%	7.47%	5.14%	$4,614,619	$93,717	$4,656,529	$195,057	$4,796,225	$304,498	$4,940,112	$422,541
24000	Blaine	$9,548	-2.99%	15.03%	16.35%	9.46%	$10,451	$617	$10,129	$1,311	$10,433	$2,090	$10,746	$2,962
06012	Bozeman	$813,857	9.35%	1.71%	9.13%	6.73%	$868,619	$30,346	$863,421	$63,645	$889,324	$100,121	$916,004	$140,018
10013	Bridger	$82,846	17.86%	13.04%	5.94%	12.28%	$93,021	$7,689	$87,891	$16,554	$90,528	$26,745	$93,244	$38,432
17016	Brockton	$1,353	46.22%	27.77%	-59.88%	4.71%	$1,416	$23	$1,435	$48	$1,478	$75	$1,522	$103
0100	Butte	$1,688,768	12.13%	0.86%	3.72%	5.57%	$1,782,761	$43,330	$1,791,614	$90,371	$1,845,363	$141,369	$1,900,724	$196,585
10000	Carbon	$69,412	13.06%	16.70%	14.86%	14.87%	$79,736	$8,242	$73,639	$17,957	$75,848	$29,372	$78,124	$42,748
42000	Carter	$635	41.38%	21.03%	-17.38%	15.01%	$730	$76	$673	$166	$693	$272	$714	$396
02019	Cascade	$18,867	16.88%	-8.84%	6.01%	4.68%	$20,797	$334	$21,077	$894	$21,709	$1,080	$22,360	$1,496
24021	Chinook	$82,178	10.25%	3.54%	3.30%	5.70%	$86,859	$2,216	$87,183	$4,625	$89,798	$7,239	$92,492	$10,073
19000	Choteau	$12,545	2.86%	6.86%	9.05%	6.25%	$13,329	$408	$13,309	$854	$13,708	$1,341	$14,119	$1,870
49024	Clyde Park	$10,755	21.52%	-12.42%	23.63%	10.91%	$11,929	$851	$11,410	$1,820	$11,753	$2,921	$12,105	$4,170
29129	Colstrip	$89,717	0.00%	0.00%	40.61%	13.54%	$101,861	$9,452	$95,180	$20,468	$98,036	$33,267	$100,977	$48,099
32026	Columbus	$128,171	-5.16%	13.48%	3.79%	4.04%	$133,343	$1,327	$135,976	$2,748	$140,056	$4,266	$144,257	$5,889
26027	Conrad	$104,846	-4.30%	16.34%	0.77%	4.27%	$109,325	$1,334	$111,231	$2,765	$114,568	$4,298	$118,005	$5,939
17028	Culbertson	$35,533	72.09%	17.26%	-14.35%	25.00%	$44,415	$7,817	$37,697	$17,822	$38,828	$30,570	$39,992	$46,754
38029	Cut Bank	$249,813	14.63%	10.37%	8.01%	11.00%	$277,305	$19,997	$265,027	$42,794	$272,978	$68,718	$281,167	$98,132
37000	Daniels	$3,627	46.04%	13.80%	-16.94%	14.30%	$4,146	$410	$3,848	$891	$3,963	$1,453	$4,082	$2,109
13030	Darby	$60,229	15.79%	26.21%	58.66%	33.56%	$80,439	$18,404	$63,897	$43,536	$65,813	$77,669	$67,788	$123,843
28031	Deer Lodge	$167,723	3.06%	6.21%	7.02%	5.43%	$176,831	$4,077	$177,937	$8,498	$183,275	$13,285	$188,773	$18,461
18033	Dillon	$182,303	-5.81%	9.69%	6.11%	3.33%	$188,374	$602	$193,406	$1,241	$199,208	$1,921	$205,184	$2,642
05037	East Helena	$238,694	17.93%	9.44%	24.19%	17.19%	$279,719	$33,865	$253,230	$74,566	$280,827	$123,309	$268,652	$181,507
25039	Ennis	$34,662	-11.23%	-2.30%	25.04%	3.84%	$35,992	$290	$36,773	$600	$37,876	$930	$39,012	$1,283
58040	Eureka	$30,429	-8.35%	15.85%	12.80%	6.77%	$32,486	$1,146	$32,282	$2,404	$33,250	$3,783	$34,248	$5,292
27042	Fairview	$48,875	8.70%	14.96%	21.18%	14.95%	$56,180	$5,839	$51,851	$12,726	$53,407	$20,823	$55,009	$30,316
0700	Flathead	$681,372	2.28%	11.92%	6.12%	6.77%	$706,162	$24,949	$701,649	$52,337	$722,699	$82,350	$744,380	$115,190
29044	Forsyth	$81,684	18.69%	-8.12%	10.35%	6.97%	$87,379	$3,244	$86,659	$6,812	$89,259	$10,729	$91,936	$15,023
19045	Fort Benton	$32,673	10.75%	-1.58%	15.89%	8.35%	$35,402	$1,749	$34,683	$3,696	$35,703	$5,861	$36,774	$8,261
0600	Gallatin	$157,884	6.23%	0.87%	10.59%	5.90%	$167,196	$4,576	$167,499	$9,560	$172,524	$14,979	$177,699	$20,863
20049	Glasgow	$76,325	7.77%	-4.19%	6.02%	3.20%	$78,769	$154	$80,973	$318	$83,402	$491	$85,904	$676
53000	Golden Valley	$2,305	32.10%	14.32%	2.26%	16.22%	$2,679	$305	$2,446	$668	$2,519	$1,100	$2,595	$1,612
02052	Great Falls	$2,678,094	9.56%	1.80%	5.40%	5.62%	$2,828,585	$70,148	$2,841,190	$146,343	$2,926,425	$228,987	$3,014,218	$318,508
13053	Hamilton	$419,847	11.87%	7.89%	8.30%	9.35%	$459,117	$26,674	$445,416	$56,644	$458,779	$90,241	$472,542	$127,829
22054	Hardin	$289,325	0.58%	-0.27%	9.56%	3.29%	$298,843	$839	$306,945	$1,730	$316,153	$2,677	$325,637	$3,682

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Effects of HB 124 on City/County income from gambling VGM tax.
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Assumptions:

Base Year *FY 2000*
Inflation *3.00%*
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12057	Havre	$491,475	2.63%	4.74%	5.01%	4.13%	$511,754	$5,535	$521,405	$11,464	$537,048	$17,809	$553,159	$24,592
05038	Helena	$1,356,968	7.18%	6.45%	4.67%	6.10%	$1,439,772	$42,095	$1,439,607	$88,021	$1,482,796	$138,050	$1,527,279	$192,472
35061	Hot Springs	$3,719	100.00%	-6.47%	0.79%	31.44%	$4,889	$1,058	$3,946	$2,480	$4,064	$4,382	$4,186	$6,915
33062	Hysham	$2,056	-6.28%	26.17%	0.62%	6.84%	$2,197	$79	$2,181	$165	$2,247	$260	$2,314	$364
36000	Judith Basin	$19,680	12.39%	14.16%	26.88%	17.81%	$23,185	$2,915	$20,878	$6,436	$21,504	$10,675	$22,150	$15,761
15000	Lake	$110,359	79.28%	-8.40%	17.78%	29.55%	$142,973	$29,303	$117,080	$68,144	$120,592	$119,370	$124,210	$186,666
03069	Laurel	$284,701	14.20%	0.38%	1.16%	5.25%	$299,636	$6,394	$302,039	$13,315	$311,100	$20,797	$320,433	$28,875
0500	Lewis & Clark	$203,257	5.18%	4.46%	3.40%	4.35%	$212,092	$2,736	$215,636	$5,874	$222,105	$8,824	$228,768	$12,197
08071	Lewistown	$288,522	-0.79%	10.78%	1.79%	3.93%	$299,859	$2,682	$306,093	$5,549	$315,276	$8,612	$324,734	$11,881
18073	Lima	$6,103	17.49%	15.32%	-10.27%	7.52%	$6,562	$276	$6,475	$580	$6,669	$916	$6,869	$1,286
49074	Livingston	$326,495	13.80%	1.37%	1.78%	5.65%	$344,940	$8,651	$346,378	$18,050	$356,770	$28,248	$367,473	$39,297
47000	Meagher	$8,181	2.95%	10.76%	-3.64%	3.36%	$8,456	$29	$8,679	$60	$8,940	$93	$9,208	$129
34078	Medicine Lake	$5,194	21.47%	-13.75%	5.52%	4.41%	$5,423	$73	$5,510	$152	$5,676	$237	$5,846	$328
14080	Miles City	$420,593	6.43%	1.31%	9.92%	5.89%	$445,346	$12,135	$446,207	$25,347	$459,594	$39,713	$473,381	$55,310
0400	Missoula	$659,863	11.38%	3.99%	11.01%	8.79%	$717,888	$38,229	$700,049	$80,967	$721,050	$128,644	$742,682	$181,730
04081	Missoula	$2,236,154	2.95%	7.31%	2.03%	4.10%	$2,327,749	$24,511	$2,372,335	$50,761	$2,443,505	$78,844	$2,516,811	$108,858
0284	Niehart	$1,261	-10.04%	34.27%	7.88%	10.70%	$1,396	$97	$1,337	$208	$1,378	$333	$1,419	$474
49000	Park	$116,183	15.75%	21.32%	-13.61%	7.82%	$125,269	$5,601	$123,258	$11,809	$126,956	$18,675	$130,764	$26,256
11000	Phillips	$6,000	93.69%	-1.94%	-30.03%	20.57%	$7,234	$1,054	$6,366	$2,357	$6,557	$3,961	$6,753	$5,928
35089	Plains	$76,909	10.46%	0.25%	4.00%	4.90%	$80,680	$1,464	$81,593	$3,043	$84,041	$4,745	$86,562	$6,577
34090	Plentywood	$59,552	13.80%	-7.87%	6.42%	4.12%	$62,005	$666	$63,179	$1,380	$65,074	$2,143	$67,026	$2,960
39091	Plevna	$3,415	-22.39%	43.71%	42.08%	21.13%	$4,137	$619	$3,623	$1,388	$3,732	$2,339	$3,844	$3,510
15092	Polson	$227,443	100.00%	12.40%	12.02%	41.47%	$321,771	$87,504	$241,295	$213,925	$248,533	$395,479	$255,989	$655,115
26000	Pondera	$23,449	44.53%	-49.18%	20.24%	5.20%	$24,668	$515	$24,877	$1,073	$25,624	$1,675	$26,392	$2,325
13000	Ravalli	$150,012	26.86%	4.16%	12.74%	14.59%	$171,894	$17,381	$159,148	$37,820	$163,923	$61,776	$168,840	$89,780
10094	Red Lodge	$114,389	-17.62%	28.92%	8.60%	6.64%	$121,980	$4,159	$121,356	$8,718	$124,996	$13,709	$128,746	$19,163
56095	Rexford	$12,063	6.86%	7.75%	25.31%	13.31%	$13,668	$1,243	$12,787	$2,689	$13,181	$4,366	$13,577	$6,305
16096	Richey	$2,327	14.04%	-25.07%	23.30%	4.09%	$2,422	$25	$2,468	$52	$2,542	$82	$2,619	$113
15097	Ronan	$166,042	100.00%	-2.09%	13.70%	37.20%	$227,815	$56,791	$176,154	$136,414	$181,439	$247,414	$186,882	$401,517
17000	Roosevelt	$83,028	4.00%	-7.01%	19.18%	5.39%	$87,504	$1,985	$88,084	$4,137	$90,727	$6,466	$93,449	$8,983
23098	Roundup	$88,218	10.59%	15.24%	6.88%	10.90%	$97,836	$6,972	$93,590	$14,913	$96,398	$23,935	$99,290	$34,163
11100	Saco	$3,159	-10.12%	23.95%	24.29%	12.71%	$3,560	$307	$3,351	$661	$3,452	$1,071	$3,555	$1,542
35000	Sanders	$70,765	0.75%	20.79%	12.29%	11.28%	$78,746	$5,858	$75,074	$12,553	$77,326	$20,184	$79,646	$28,862
21102	Shelby	$169,272	9.51%	-0.62%	1.86%	3.58%	$175,335	$985	$179,581	$2,035	$184,968	$3,152	$190,517	$4,341
25103	Sheridan	$8,020	8.94%	27.95%	-19.93%	5.65%	$8,473	$213	$8,508	$444	$8,764	$695	$9,027	$986
27104	Sidney	$248,747	1.42%	7.86%	9.15%	6.14%	$264,029	$7,819	$263,896	$16,353	$271,813	$25,653	$279,967	$35,773
32000	Stillwater	$70,548	-5.28%	14.13%	11.65%	6.83%	$75,388	$2,704	$74,844	$5,673	$77,089	$8,929	$79,402	$12,493
21108	Sunburst	$6,343	2.55%	29.79%	-17.98%	4.79%	$6,646	$113	$6,729	$235	$6,931	$367	$7,139	$508
40000	Sweet Grass	$15,808	45.08%	22.06%	0.15%	22.43%	$19,354	$3,071	$16,771	$6,924	$17,274	$11,735	$17,792	$17,724
31000	Teton	$13,274	30.40%	8.43%	-0.93%	12.63%	$14,951	$1,279	$14,082	$2,758	$14,505	$4,483	$14,940	$6,424

Prepared by: R.E. Miller, GIA

Effects of HB 124 on City/County income from gambling VGM tax.
This chart shows how much will be contributed to the population divided pot.

Assumptions:

Base Year *FY 2000*

Inflation *3.00%*

Consolidated Reimbursement is in effect for FY2001

Gambling revenue grows at the average of the last three fiscal years for FY 2001

All growth in excess of the inflation rate is deposited in the 'Pool' to be distributed by population.

All other sources grow at the inflation rate and contribute nothing to the 'Pool.'

No.	County/City	Base Year FY2000	Percentage of Change 97-98	98-99	99-00	Average	Est Effect on FY2001 Total Tax	To Pool	Est Effect on FY2002 Total Tax	To Pool	Est Effect on FY2003 Total Tax	To Pool	Est Effect on FY2004 Total Tax	To Pool
35111	Thompson Falls	$99,891	6.69%	16.53%	8.34%	10.52%	$110,401	$7,514	$105,974	$18,043	$109,153	$25,702	$112,428	$36,617
43113	Townsend	$92,032	7.34%	10.70%	12.54%	10.19%	$101,413	$8,620	$97,637	$14,114	$100,566	$22,576	$103,583	$32,111
06119	West Yellowstone	$95,845	-0.27%	4.52%	5.41%	3.22%	$98,932	$212	$101,682	$437	$104,732	$675	$107,874	$929
47121	White Sulphur Springs	$44,937	22.63%	-4.73%	0.41%	6.10%	$47,680	$1,395	$47,673	$2,917	$49,104	$4,575	$50,577	$6,379
07122	Whitefish	$275,182	4.53%	13.81%	-7.02%	3.77%	$285,569	$2,132	$291,941	$4,408	$300,699	$6,836	$309,720	$9,423
51123	Whitehall	$67,043	10.18%	-1.70%	3.10%	3.86%	$69,630	$575	$71,126	$1,190	$73,260	$1,847	$75,458	$2,547
52124	Wibaux	$45,282	17.21%	-1.97%	15.74%	10.33%	$49,959	$3,318	$48,040	$7,078	$49,481	$11,330	$50,965	$16,125
08125	Winifred	$4,501	-20.22%	38.49%	-2.67%	5.20%	$4,735	$99	$4,775	$206	$4,919	$322	$5,066	$447
17127	Wolf Point	$117,753	-20.99%	37.64%	15.13%	10.59%	$130,228	$8,942	$124,925	$19,099	$128,672	$30,609	$132,533	$43,623
0300	Yellowstone	$385,656	40.81%	-1.46%	6.63%	15.26%	$444,500	$47,275	$409,142	$103,181	$421,416	$169,078	$434,059	$246,534
		$27,033,222					$24,872,268	$917,105	$24,467,818	$1,998,087	$25,201,853	$3,282,832	$25,957,908	$4,823,246

Prepared by: R.E. Miller, GIA

EXHIBIT 8
DATE 1/25/01
HB 124

MARY "MARTY" PHIPPEN, LOBBYIST
MT. ASSOCIATION OF CLERKS OF DISTRICT COURT
1715 WILDER AVE.
HELENA MT 59601
406-449-5106
CELL: 406-261-9622
E-MAIL: lobbyist@gec-isp.net

HB 124 - Revise Local Government Funding

Mr. Chair, Members of the Committee, for the record, my name is Mary Phippen. I represent the Montana Association of Clerks of District Court.

I stand before you as an informational witness for the Association regarding this Bill.

Our main concern is the lack of coordinating language between this Bill and Senate Bill 176, which provides for State Assumption of most District Court costs.

If Senate Bill 176 does not pass, it is the desire of the Association that the district court reimbursement program would continue and that the fees collected by the Clerk of District Court and ~~their~~ the amount of distribution to counties would remain the same. The Association would oppose any changes which would reduce the overall funding to the District Courts or to county government for District Court operations.

If both Senate Bill 176 and House Bill 124 pass, the Association would respectfully request that there be coordinating language in both Bills to assure that there would be no decrease in overall funding for the operation of the District Courts or to counties for District Court operations.

Further, if Senate Bill 176 does not pass, the Association would request that this Bill not alter the District Court reimbursement programs and that the sections which allocate most of the Clerk of District Court fees to the State be deleted from the Bill.

Thank you.

City of Libby
952 E. Spruce St.
Post Office Box 1428
Libby, Montana 59923

Phone 406-293-2731
Fax 406-293-4090

DATE 1/25/01
HB 124

January 24, 2001

Local Government Funding & Structure Committee

The City of Libby, as a small rural community, has the following concerns:

1. The city budget relies on the monthly cash flow, proposed program calls for semi-annual payments to be made.

2. How will the city operate when the major cash flow is projected in December and May of each budget year.

3. Loss of Interest because of monies being held at state level.

4. 40% of cities general budget is from gambling revenues. Any loss of these revenues would mean a cut in services to city tax payers, and a possible loss of employment for a number of city workers.

5. There is no guarantee that after fiscal year 2003, cities will continue to receive these monies, and no current formula to state the exact monies each city will receive each year.

6. How will we project budget figures for each year?

With the decreasing mill values that we face each year, along with the economic environment and job loss, it is absolutely essential that the city be able to maintain it current level of revenues and have the ability at the local level to predict and prepare for the future of our city.

Respectfully,

Anthony J. Berget

Anthony J. Berget
Mayor, City of Libby

HOUSE OF REPRESENTATIVE
ROLL CALL

LOCAL GOVERNMENT COMMITTEE

DATE 1/25/01

NAME	PRESENT	ABSENT	EXCUSED
REP. MARK NOENNIG, CHAIR	X		
REP. ROD BITNEY V.C. MAJORITY	~~X~~		X
REP. JEFF MANGAN, V C .MINORITY	X		
REP. JOAN ANDERSEN	X		
REP. LARRY CYR	X		
REP. D.HEMMELBERGER	X		
REP. RICK LAIBLE	X		~~X~~
REP. BOB LAWSON	X		
REP. BRAD NEWMAN	X		
REP. BILL PRICE	X		
REP. JAMES WHITAKER	X		
REP. JOHN ESP	X		
REP. CINDY YOUNKIN	X		
REP. EILEEN CARNEY	X		
REP. HAL JACOBSON	X		
REP. JESSE LASLOVICH	X		
REP. MICHELLE LEE	X		
REP. KEN PETERSON	X		
Pritchard	X		
Story	X		
Brander	X		
Hargrave	X		

MONTANA HOUSE OF REPRESENTATIVES
VISITORS REGISTER
LOCAL GOVERNMENT COMMITTEE

DATE 1-25-01

BILL NO. HB 124 SPONSOR(S) R. Story

TYPE
PROPONENT (P) OPPONENT (O) INFORMATIONAL (I)

O Donna J. Sevalstad 2 S. Pac AC Bun County

PLEASE PRINT

PLEASE CIRCLE	NAME	ADDRESS	REPRESENTING
	Judy Murray	POBox 1724 Helena 59624	Lewis & Clark Co
P O I	Lillian Blatchford	Box 970 Colstrip	LGS for Comm Dev
P O I	Bob Lewis	Box 8 Big Sandy	Self
P O I	Allan Underdal	425 Olaine Blvd Shelby	Toole County
P O I	John Lawton	PO Box 5021 G.F.	City of Great Falls
P O I	Vic Miller	PO Box 933 Harlem	Blaine County
P O I	Ken Hoorestol	Helena	Snow mobile ASSN.
P O I	Tim Burton	316 N. Park	Helena
P O I	John Semple	1645 A. St Helena	SELF
P O I	Gilbert Moore	5138 Commonor Dr Bozeman	MT Fire Dist Assn
P O I	Lynda Brannon	Helena	MASBO Impact Aid Schools
P O I	Jim Dusenberry	Helena	Montana Fire Alliance
P O I	Jay Verdi	Lincoln	Mt. Vol. Association
P O I	Mike Jamison	Helena	Gallatin Cty
P O I	LINDA STOCK	Helena	Missoula County

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

P O I	Rick E Miller	POB 564 Helena	Gaming Ind Assoc
P O I	Jane McCall	City	S:\LOCAL GOV\visitor register.wpd
P O I	Dale Bickell	Missoula	Missoula County
P O I	Kurt Alme	Helena	DOR/Administrators
P O I	Judy Paynter	Helena	DOR
P O I	Kristi Blazer	Helena	Rimrock/MT Addiction Serv Providers

MONTANA HOUSE OF REPRESENTATIVES
VISITORS REGISTER
LOCAL GOVERNMENT COMMITTEE

DATE 1-25-01

BILL NO. HB 124 SPONSOR(S) R. Story

PLEASE CIRCLE	NAME	ADDRESS	REPRESENTING
	TYPE: PROPONENT (P) / OPPONENT (O) / INFORMATIONAL (I)		
(P) O I	BOB VOGEL	(O) MSBA	
(P) O I	TOM BILODEAU	MEA-MFT	
(P) O I	Robert Goffena	MOSS. Co. Comm. 152 Goffena Rd Roundup mt. 59072	MOSS Co.
P O I	Ferris TOAVS	Roos. Co Comm. HC30 Box 2048 Wolf Point	Roosevelt Co Comm.
P O I	Doug ABELIN	1055 Mt. 22 West	MTURA
P O I	Mary Sexton	Tetonco. Comm. Box 610 Choteau	Teton Co.
P O I	J. Gary PATTON		Sanders Co
P O I	Howard GIPE	800 So Main Kalispell	Flathead
P O I	DAL Smilie	410 Hays Helena	AMA MMSAC
P O I	MICHELE HAND	6520 DANIELLE LOUCT MSLA 59803	ABATE/MMSAC
P O I	Edward F. Arnott	HC 81 Box 79 Hobson MT 59452	Co. Commiss
P O I	Mary Whittinghill	Helena	Mt Taxpayers
P O I	Dave Puyear	MKFA	MKFA
P O I	JUDY STANG	St. Regis	MineralCo
P O I	Chris Kukuchi	Kalispell	City
P O I	Jim Currie	Helena	MDT
P O I	Mary Anne Guggenheim	Helena	self.

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony

P O I Ronda Carpenter — Mt Housing Providers

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Mt Coin Machine Operators Assoc

P O I

P O I Ann Mary Dussault — Missoula County CHA

O Roger Swearengen — PUB TTSI, Havre MSU-Northern/ Hill County comm

LA

MONTANA HOUSE OF REPRESENTATIVES
VISITORS REGISTER
LOCAL GOVERNMENT COMMITTEE

DATE 1-25-01

BILL NO. HB 124 SPONSOR(S) R. Story

TYPE
PROPONENT (P) OPPONENT (O) INFORMATIONAL (I)

(P) Sherry Cargill Jefferson Co Commiss
I Kathlyn Dalke City of Thompson Falls

PLEASE PRINT

PLEASE CIRCLE	NAME	ADDRESS	REPRESENTING
P O (I)	Mary Phippen	1715 Wilder Ave. Helena, Mt. 59601	Mt. Assn. of Clerks & District Court
(P) O I	Dean Harmon	400 3rd Ave S Wolf Point, MT.	Roos. Co. + MACO.
P (O) I	Gwyn Andrus	1083 3rd Road NE Power MT	Teton Co
P (O) I	Jones Fowler	21 Spur Rd Conrad	City of Conrad
P (O) I	Marty Lambert	615 S 16th, Bozeman	Gallatin County
P (O) I	Ed Blackman	213 Pondera	Gallatin County
(P) O I	Gordon Morris		MACO
P O I	Lorna Karn	502 So. 19 Boz.	MT. FARM BUREAU.
P (O) I	Jeff KRAUSS	508 Park PLACE	
P (O) I	Wak Williams	800 S. Main Kalispell, MT 59901 HELENA	Flathead County Commissioners
P O I	DEL LONNQUIST	110 HUMBOLDT	MOTORCYCLE SAFETY
P O I	Rita Windom	512 Calef Libby	Lincoln Co. Commissin
(P O I)	Carol Kienenberger	Box 330 Malta MT	Phillips County
(P O) I	Kathy BESSETTE	HC 30 Box 74 HAVRE, MT	Hill Co.

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony

Jefferson Co Commissioner

(I) Tom Withroe

(I) Madalyn Quinlan OPI

(O) Linda Ellison 3301 W Babcock Bozeman MT 59718 individual

(O) Sandy Kogelnik 701 Steele HLN, 59601 ("carve motorcycles out)

(O) Ronda Cantrell ADSEC 502 S 19th Ave #308 Bozeman MT

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MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 1, 2001 at 5:10 P.M., in Room 455 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Gregory Petesch, Director of Legal Services of Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB 124, 2/1/2001
Executive Action:

{Tape : 1; Side : A; Approx. Time Counter : 0}

The select committee discussed the amendments (HB124.agp) to HB 124.

Gregory Petesch, Director of Legal Services of Legislative Council, went through the amendments, HB012401.agp, and answered questions on them. They were amendments that were put together to

make this bill work by matching the interim committees decisions that are reflected in the purple "Simplification in the 21st Century" manual.

Amendment 6 - Clarifies the methods that the department will use to compute the base entitlement. This will show all the sources that the department will be reimbursed for. All the fees and taxes that are now centrally collected, are then rolled into one thing. The bill was written with this in mind.

Amendment 7 - Says how the growth in shares will be calculated. It increases the entitlement rate due to the annual growth. To figure out the growth, they look at the annual growth from the past five years and take out the high and the low points of that time. The entitlement share pool growth rate for the first year is then 70%of the average growth rate that was calculated.

Representative Eileen Carney asked if they would recalculate every five years. **Gregory Petesch** answered that the calculation would be done every year. **Representative Waitschies** then asked the Chairman if he thought this fixed the objection that this was basically equalization.
Representative Story said that it would not, but that was not the goal of this amendment. This was just to put the growth rate on so they would not get into budget problems later on.

Amendment 11 - Points out that the local government does not have a tax increment to cover subsection 5 of the bill (Page 3, line 19). Local governments, since they would still be given the same amount of money, would have to take into account the revenue received on the behalf of a special district.

Amendment 14 - Designed to make half the payments due November 30th and the second half by May 31st. This would stop the state from gaining the interest on the money that otherwise would have been in the local government.

Amendment 15 - "does not include revenue received for countywide transportation reimbursements or countywide retirement reimbursements." It also clarifies that the entitlement base was calculated that the vehicle registration was put in for the whole year, rather than a few months, or half a year.

Representative Story asked if it based all the vehicle money on the Flat Tax. He was told he was correct. **Representative Esp** asked when does the Flat fee go into effect? **Gregory Petesch** said that it went into effect for registered vehicles on January 1st.

Amendment 16 - Reimburses the local government what they would have received if fees were not centrally collected in the general fund. This allows for each fiscal year to have a specific dollar calculation they would have received before, rather than the total dollar they were estimated
to receive.

Larry Finch, Department of Revenue, then stated that there were amendments to the amendments and it was decided they would look into them now. These other amendments, **Larry Finch** said, provide for reimbursements to government agencies. They provide the Department of Environment for the motor vehicles recycling program. It provides for a dollar and a half for each application of a title, or transferring of a title, under current law, and fifty cents for each passenger car and truck registered. It provides dollar reimbursement, for the fiscal year 2002 and 2003, to Department of Transportation for the revenue reduction as the result of losing the New Cars Sales Tax. This provided for revenue from registration in lieu of tax on heavy trucks. The question was asked if the dollar and a half and the fifty cents would be collected every year, or how that would work. **Greg Petesch** answered that these dollar amounts were what they had been receiving in the past and now they would just be added into the general fund.

Representative Story wondered if the three million dollars for the D.O.T. had been decided in committee. **Larry Finch** reassured him that it had indeed been put into place during the committee. **Representative Story** then asked if it came from the New Vehicle Sales Tax, and was told by **Larry Finch** that this was an appropriations to D.O.T. to keep them whole. D.O.T. lost the New Cars Sales Tax, and to make up that loss, the committee decided that, instead of sending the revenue, that they were now sending to the County Government in lieu of tax and registration on heavy trucks, they would be able to keep that money. Even with this, they would still not be whole. This appropriation would fill in that gap, but is only good for two years though, as that is how the budget was made.

It was stated that there was two dollar figures written for the fiscal year 2002 and 2003, and after that the amount that was gained during the fiscal year 2003 would grow at 1.5% a year, and would receive that amount each year following.

EXHIBIT(lfh26a01)

Representative Story explained that this was the amendment that addressed the issue of motorcycles and snowmobiles, even though they were a different subject. These issues, motorcycles and

snowmobiles, would be discussed later. Because these are different issues then the issues of the amendments, the testimony of **Roger Swearengen** was at first denied. **Representative Wanzenried** challenged this decision, and it was granted.

Roger Swearengen, Director of Motorcycle Safety, *Montana Motorcycle Rider Safety,* Montana State University - Northern gave his testimony discussing the effect that House Bill 124 would have on the state motorcycle safety program. **EXHIBIT(lfh26a02)**

Representative Story asked how many times the permanently registered motorcyclists would have to pay the five dollar registration fee. Under the current law 115, **Roger Swearengen,** stated that they have to pay five times what the annual fee is, and then they pay nothing. House Bill 124 would make it so they would have to pay five dollars every year. The committee wondered if this was amendment C. It was. **Greg Petesch** commented that it seemed like the motorcyclists would receive more money under this amendment, because they would be getting five dollars a year. **Representative Story** replied that their concern was probably how the motorcycles would be counted.
Roger Swearengen stated that they were not opposed, they were just trying to clarify the importance of whether the revenue of the registration of motorcycles in 115 would ever show up. He agreed with Greg Petesch it would increase the amount.
Representative Story had a question about who would be counting after a motorcycle was registered with that first five dollars.
Roger Swearengen replied that the people who would be counting would be whoever the Department of Justice would include in the vehicle counts. **Representative Story** said they would work on that and figure it out better. **Representative Waitschies** wanted to know if the antique vehicles had a permanent registration as well and was told that they did.

Amendment 29 - **Greg Petesch** explained that Amendment 29 would insert code sections allowing supplemental retirement benefits for certain highway patrol survivors. They are now getting twenty-five cents per certain vehicle registration fees. This section gave the committee much trouble during the first hearing as they could not decide whether to leave this in or take it out. They decided to leave it in so that if there was someone who was still eligible to get this, it would be statutory allocation under section 2. This is temporary and terminates when the last eligible recipient dies, but is there for now.

Amendment 34, is about the fees for the duplicate decals of off roads vehicle. In calculating the reimbursement through that program, the Department had figured the elimination of the decal fee, which was not a registration fee. Since they did not have

that fee in their final numbers, this amendment eliminates the decal fee as well. In doing so, the number that this bill comes up with and the number that the department came up with will coincide.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Amendment 37 - Works with both this bill and Senate bill 176. The interim court and structure decided not to earmark, and so this amendment allows for that and still gives the fee that was needed, rather than reimbursing.

Amendments 39 to 42 deal with the state picking up certain costs that are associated with public assistance. Several bill address the issue of dealing with the distinctions between the assuned or non-assumed counties. Several sections in the bill already address this issue, so these amendments needed to be added in because of other amendments already in the bill.

Amendment 43 - Gets rid of lines 20-25 of page 137 of the bill. This section was about an additional fee for each registration vehicle registered through the proportional registration agreement. Also included in that section was the twenty-five cents from that fee going to the pension fund for the retired patrol officers.

Amendment 44 - This puts vehicle registration fees into the general fund. It was included because of an internal struggle, but because it all goes to the same fund, there is no need to name the fee it was coming from. It applies to fleets only though.

Amendment 45 to 47 converts the assessments of livestock and crops for hail insurance, predator control and other things of that nature, into fees instead of assessments. The Department of Revenue will become the central collection agency for those. The programs will still receive the money, but they will be assessed on a direct fee basis, rather then being collected on the property tax state assessment.

There was a question from the audience about amendment 44. **Greg Petesch** explained that

The audience actually wanted to know about amendment 43 which

Michelle Hand from Missoula to represent motorcyclists, came forth with a testimony. Her question was if the eighteen dollar fee included the five dollar motorcycle safety fee or not. She requested that they put the motorcycles in with the trailers

under the twelve dollar fee. This would allow that, along with the five dollar motorcycle safety fee, the full amount of the registration would be seventeen dollars instead of the eighteen. She also added that she had been looking at the way the collegian funds were being collected for the scholarship. **Representative Story** stopped her at this point, to say that they set the fee by simply making all the fees the same and letting the political process sort it out. He then said that yes, the five dollars would be included in the eighteen dollar fee. **Michelle Hand** then requested that an amendment be put here to move the motorcyclists and the travel trailers into the same fee, the twelve dollar one.

Representative Mangan needed clarification as to why the amendments 39-42 were made. **Greg Petesch** summed it up by saying that they had been added to conform these sections to the other sections that were already in the bill. They dealt with revising the cost that the state provides for public assistance in counties, and removes the distinctions between the assumed counties and the non-assumed counties.

The remainder of those amendments clarify that the Department of Revenue is now the collector of the hail insurance and the livestock fees, and not the county treasurers.

Amendment 58 - This discusses the block grant that is given to each school district. This amendment allows that 70% of the block grant would be due in November, and the other 30% to be due in May.

Amendment 59 This deals with the distribution of the retirement levy and provides that half would be distributed in November and the other half in May. It would be the same for the transportation reimbursement, half in November and half in May. Other changes from the amendment would correct internal references and repeal titles 52 and 53, which deal with the public assistance and gets rid of the references to the poor fund.

When they were done with all of the amendments, **Representative Story** said the purpose of this Select Committee was to approve the amendments so it could then be given back to Local Government, so the amendments needed to be drafted and adopted. **Representative Wanzenried** thought it would be easier for every one involved, if they could have a complete bill sent out from this committee so that every one would be on the same page. He recommended that, rather then sending the bill and all these amendments back to local government, that this committee just draft the bill and then send to the floor.

Greg Petesch replied that if a committee bill was requested, they would have to scrap this current bill and start over. That is possible to do, even though committees do not really ever adopt amendments. The way it would have to be done, is that you could recommend amendments to the full House and then when the committee report is adopted on the House floor, the amendments would be officially in the bill. What this committee could do, would be to recommend a set of amendments to the House Local Government, and at that point, and the amendments would be put into a grey bill so that the committee can understand.
Representative Wanzenried thought that doing a grey bill was a good way to go because then everyone would be able to have a copy of what the bill would look like.

Representative Story disagreed, saying that if a grey bill has to be made for every amendment it would get long and drawn out. He recommended that they simply pencil in the amendment where it belongs. After they were done with these major ones, he said it would be easier to deal with.

Representative Mangan clarified the whole process by stating that they already had the hearing on this bill, and this committee could be making recommendations to Local Government regarding amendments to chose or not to chose to attach them to the bill. Theoretically, he said, we are not presenting the bill back. The four in this committee from Local Government will add these amendments on. He went on to ask if there was anything procedural they could do, rather then have to go back over each amendment and their explanations with the other three from Local Government. He wondered if maybe they could take it to the House Floor to suspend a rule so that what Representative Wanzenried had suggested could be done, without doing a grey bill.

Greg Petesch said it would be possible, but this is a select committee without the power to take it to the House Floor. You could, however request that this be constituted a select committee and they would be referred from Local Government to this committee. It could then report directly to the floor.

The agreement between **Representative Story and Representative Neonnig** was that because this bill had been rereferred to this select committee by motion on the Floor, they could report back to the Floor. This agreement, made it so that when they complete their work on this bill, it will be withdrawn from this committee and be put back in Local Government. This was the only way they could get this bill out of there in the first place.

Representative Mangan said they could send to Floor with their recommendations as long as they talk to **Chairman Noennig**, the Local Government committee and the House Leadership. They decided to discuss the matter of which route to go at later time.

Greg Petesch said that if they remain on the path they started out on, all the recommended amendments could be put into a bill that would be useable by the committee. As a whole, they decided that they need to be careful to keep track of all the amendments because there had already been an amendment to an amendment and it could get very confusing.

Representative Story mentioned that when they have proposals to approve or disapprove, he would rather not keep all those to send back to Local Government and put it on them. The starting point is to get the bill where the committee thought they had it last November, which is with this set of amendments.**EXHIBIT(lfh26a03)** There were suggestions as to what to do with this set of amendments, but that will be separately as some have to do with the growth, the permanently registered vehicles, etc. It may be, that when they get done, some of the fees may be different. Things can change, but they must be changed through this committee so they will be able to do the necessary research and discussion to see what must be changed. The money has to add up, if it does not, it will blow the whole bill.

Representative Carney made the motion to approve the series of Greg Petesch's amendments.

Representative Mangan had a question concerning page 3 of the amendments, wondering if this amendment replaced the language or if it was in addition to. **Greg Petesch** answered that it was in addition to that language.

Representative Wanzenried then asked if the committee members discussed this, and if there had been consensus, tie vote, anonymous vote or what. **Representative Story** told him that the committee had indeed discussed this. The committee went through the process of finding a dollar number that worked. They got growth rate based on the gross state product and personal income and averaged that. The growth rate was bigger than therevenue avaliable at that given time. They were also given instructions from the budget office that this bill had to be revenue neutral. They ended up working with 70% of the growth rate.
Representative Wanzenried wanted to know if the public had a comment on that growth, and was told that they had. He was surprised that they would agree with that.

{Tape : 2; Side : A; Approx. Time Counter : 0}

Ed Black, Fiscal Officer for Galliton County spoke next, explaining that he had been to some of **Representative Story's** meetings. His concern was that in a number of places there are different growth rates. Not all the counties have the same growth rate as Galliton County does, and so from his stand point, there would be a negative impact on high growth counties.

Representative Story asked him what the sources of revenue the places with large growth rates were. **Ed Black** answered that it was motor vehicle, corporate license tax, etc. They have a huge increase where the banks go into areas. There is also an increase in the gambling and beer and wine revenues. A large number of the counties will not be receiving revenue growth from those areas though. Of the total budget of Gallatin County each fund is different due to the nature of the fund. In the district court fund, which is primarily supported by taxes, almost 18% is funding from the gambling and beer revenues. In the general fund they have broke out public safety at 5 or 6%. **Representative Story** asked him if those funds which are growing out at 10 or 14% are only 5% of the revenue of that fund. In the general fund, yes, replied **Ed Black**. The question was then asked if the gambling fund was only 5% of the revenue. **Ed Black** answered that that was not the case for them. They only receive about $130,000 in gambling, which is a very small portion of the general fund.

Representative Story said that the point he was trying to make was that they have high growth in certain areas and their reimbursement on business equipment is not growing at all. Their property taxes are probably fairly frozen, other than what they get for new growth. This is a concern to growing counties.

Representative Mangan asked if there was any one in the room from the Governor's Budget Office. His question to Amy Carleson from that office was if Mr. Swysgood had thought about the growth rate. She said that he was concerned about it because the growth rate was growing higher that the general fund. **Representative Story** wanted to know if Mr. Swysgood had looked at it according to the sources of revenue that were coming in: Motor vehicle, gambling and alcohol. She said that Mr Swysgood had not had that oppportunity, but she would get back to **Representative Story** when she found out.

It was opened up for any question the committee might have concerning the big bill.

Representative Story had a question concerning the payment to the counties and if it was going to be twice a year or quarterly. It was going to be quarterly.

Representative Waitschies mentioned that the growing counties have the concern of getting left behind, it was kind of like equalization. **Representative Story** said that that was the concern of Gallatin County. On the other side though is the shrinking counties get propped up. It does tend to equalize revenue resources some. It is kind of an individual county to county thing. **Representative Esp** had the same concerns as **Representative Waitschies**, but was still too unsure as to were the bill was going to make any comment.

Representative Story said one of the purposes of this select committee was to help understand the bill.

They moved to adopt the big amendment. It was adopted with only one nay.

They then moved to do pass on the Department of Revenue Amendments concerning Department of Transportation. It was passed with all ayes.

The meeting was finished and the audience left, and then the committee discussed what they were going to do with the bill. **Representative Mangan** wanted to be able to just take up all the bill here and then take directly to the House Floor. **Representative Carney** disagreed, saying it would be good for this bill to go back to the Local Government committee because then they would know more about it before taking it to the House Floor. **Representative Esp** thought they should do the bill here, but then send it to Local Government for Executive Action. **Representative Wanzenried** thought it should be shown to the public so they would be able to have a chance to give their input. **Greg Petesch** said that the public has had a lot of time to give input because there had been the hearing already, and they were still able to come to the select committee meetings and talk. **Representative Peterson** agreed that there had already been the public hearing. Now it was their decision. **Senator Elliot** said that when the bill came over to the Senate there would be another public hearing then.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Representative Story said they were not bound to one thing. If there was a better idea, bring it up here, not the House Floor. It would be better to rework it here.

ADJOURNMENT

Adjournment: 6:30 P.M.

REP. BOB STORY, Chairman

JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(lfh26aad)

AMENDMENTS TO HB 124 AMENDMENTS
PROPOSED BY DEPARTMENT OF REVENUE

EXHIBIT 1
DATE Feb. 1st, 01
HB 124

BILL#: HB 124

VERSION: Introduced

DATE: January 23, 2001

REASON: Clarification

AMENDMENT:

1. Page 5, Section 3
Following: the line ending "increased by 10% in each succeeding fiscal year"
Insert: (2) There is transferred to the state general fund to the department of transportation state special revenue nonrestricted account the following amounts:
(a) $3,641,987 in fiscal year 2002; and
(b) $3,696,617 in fiscal year 2003.
(c) Beginning in fiscal year 2004, the amount of the transfer in subsection (2)(b) must be increased by 1.5% in each succeeding fiscal year.
Renumber: subsequent subsections in Section 3

2. Page 5, Section 3
Strike: "(f) to the department of environmental quality motor vehicle recycling program;
(i) $1.50 for each application of a motor vehicle title and for each transfer of a motor vehicle title in 61-3-508;
(ii) $.50 for each passenger car or truck under 8,001 pounds GVW registered for licensing under 61-3-508;"

2/1/01 4:55 PM

House Local Government Funding Select Committee
Informational Testimony on HB124
February 1, 2001

By: Roger Swearengen
Director of Motorcycle Safety
Montana Motorcycle Rider Safety
Montana State University – Northern

EXHIBIT 2
DATE Feb 1st, 01
HB 124

I represent Montana State University – Northern, which operates the state motorcycle safety program for the Board of Regents. I have been involved with motorcycle safety as a certified instructor since the state motorcycle safety program was created by the 1989 Legislature. After nearly a decade of operation by the Office of Public Instruction, the 1999 Legislature moved the motorcycle safety program to the University System where it is now operated by MSU-Northern. I am currently the Director of Motorcycle Safety for MSU-Northern.

The members of this committee are familiar with the concerns of motorcycle rights groups for HB124, as introduced. The proposed amendments suggested by Rep. Story at the House Local Government Committee hearing on January 25th would substantially improve the funding outlook for the state motorcycle safety program compared to the original bill. I want to thank Rep. Story for his attention to this important "detail".

For your information, I have analyzed HB124' effect on the state motorcycle safety program, as suggested to be amended by Rep. Story, and find the following:

1. Rep. Story's proposed amendments restore annual income to the program based on the number of vehicles registered [Section 3.(2)(c)], not an arbitrary appropriation with a capped increase. This is again links income to interest in motorcycling and interest in motorcycle training.

2. If I read Section 1.(3) correctly (as proposed to be amended by Rep. Story), the income from permanently registered motorcycles also appears to be restored. The key to this is clarifying what is included in the "count of vehicles required for the calculations in subsection (2)" [Section 1.(3)]. If the count includes <u>all</u> "registered" motorcycles (meaning that it includes annually registered, permanently registered, and antique registrations), then income to the motorcycle safety program does not appear to be reduced. It is important that the committee and the record clarify this point. If permanently registered motorcycles are not included in the "vehicle count", then the motorcycle safety program loses income that it currently receives under Legislative Referendum 115.

3. As the members of the committee are aware, motorcyclists perceive "ownership" of the motorcycle safety program. The earmarking of revenue and expenditures under 20-25-1002 is important to that ownership. An easy way to preserve that "ownership" without affecting the intent of HB124 would be to insert "motorcycle registration fees transferred under [Section 3.(2)(c)]" in place of "motorcycle registration fees" in 20-25-1002(2). I believe that this would preserve the integrity of expenditures that motorcycle groups are concerned about, without impacting the intent of the bill.

The current scheme of direct revenue from a special fee is simple, works well, and is easily understood by the motorcycling public. However, if this method conflicts with the bill's purpose and is no longer possible, then it appears to me that clarifying that all motorcycle registrations are included in the term "vehicle counts", and preserving earmarking, would leave the program unharmed by HB124.

Thank you very much for considering this information.

Roger Swearengen
Director of Motorcycle Safety
Montana Motorcycle Rider Safety
MSU-Northern
P.O. Box 7751
Havre, Montana 59501-7751
Phone: 1-800-922-BIKE
FAX: (406) 265-3570
E-Mail: motorcycle@msun.edu
Internet: http:\\motorcycle.msun.edu

The following exhibit
exceeds 10 pages.

Exhibit: 3
Feb. 1st 01
HB 124

The complete exhibit is located with the minutes are at the
Montana Historical Society Archives
225 North Roberts
Helena, Mt 59620-1202
(406) 444-4775

HOUSE OF REPRESENTATIVES

House Local Gov. COMMITTEE

ROLL CALL DATE 2-1-01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	✓		
Representative Weitschies	✓		
Representative Wanzenried	✓		
Representative Branae	✓		
Representative Mangan	✓		
Representative Esp	✓		
Representative Carney	✓		
Representative Peterson	✓		

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

_____ COMMITTEE DATE _____

BILL NO. 184 SPONSOR(S) _____

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
ROGER SOGARENGEN	MSU-NORTHERN		INFO
Dan Smilie	AMA/MMSAC		✓
Mona Jamison	Montana City		✓
Ed Blackman	Gallatin County		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HR:1993
wp:vissbcom.man
CS-14

REP STORY, CAN YOU PASS THESE TO THE COMMITTEE FOR ME?

Doug Abelin
MTVRA

TESTIMONY OF THE
MONTANA TRAIL VEHICLE RIDERS ASSOCIATION
ASKING TO REMOVE OHV PROGRAM FEES FROM HB-124

EXHIBIT #1
DATE Feb 01, 01
HB 124

MONTANA HOUSE OF REPRESENTATIVES
LOCAL GOVERNMENT COMMITTEE
January 30, 2001

Montana Trail Riders Vehicle Association (MTVRA) is the off-highway vehicle (OHV) rider's association in Montana. We have spent many years developing an OHV program through this body, working with Montana Fish Wildlife and Parks (FWP), the Federal Forest Service, Bureau of Land Management, State and Federal Highway Departments, County, State and Federal enforcement agencies, and many County Governments. We have developed an OHV users program that is well accepted, and beneficial to all parties involved. We intend to continue doing so for many years to come. However, the provisions within this bill appear to challenge the future growth and stability of our OHV program.

- We have been earmarking funds through an OHV fee program for years. This program was reviewed just a couple of years ago and it was recommended that it continue. It was not legislated into the tax base in the beginning. OHV enthusiasts worked to create a system to collect monies to address much needed OHV programs. The separate fee generated by the purchase of $5.00 OHV stickers is 60% for administration and 40% for enforcment. The creation of this fee for these uses was voluntarily agreed to by the users at the beginning of the program.

- These monies are what we have used to build the program and are what we use to qualify for both State and Federal Off-Highway Gas Tax funds that are used in both of our Grants Programs. This arrangement has allowed us to work with the agencies on trail maintenance, weed abatement, and other programs that have helped build and improve trail systems.

- Several of the original objectives of the OHV fee program were to promote responsible OHV use and to properly account for popularity of OHV recreation in several grant programs that fund trail projects. The need for these objectives still exists and diverting our fees into the general fund seriously hurts these worthy objectives.

- We are individuals who volunteer most of the work done, or we help contract those projects that we feel we can't do, by writing grants with the involved agency. Again, this arrangement has worked well over the years. However, we have not had to defend those funds every session, and we hope that we will not have to now.

- The appropriate sections of HB-124 propose to place our Off-Highway Vehicle program funds into the General Funds account instead of our earmarked account that is administered under Montana Fish, Wildlife and Parks.

EXHIBIT 5
DATE Feb. 1st 01
HB 124

February 1, 2001

HOUSE LOCAL GOVERNMENT SELECT SUBCOMMITTEE FOR HB 124

I was heartened to hear Representative Story's promise to fix several of the motorcycling communities concerns with HB 124. Proposed amendment language reflecting those concerns provided at the initial bill hearing seem to do that.

Since the user fee levied on both on and off-road motorcycles were volunteered by the users in the mid and late 1980s they earnestly hope that the **entire amount collected from those fees will remain earmarked**. We also hope that they will go directly to FW&P and MSUN without the need for any biennial appropriation.

The entire amount collected includes the fee for both on and off-road motorcycles. It includes the endorsement fee for motorcycles (1/3 of this was "taken" a couple of sessions ago). It includes the total amount collected for the Montana Motorcycle Safety Program when permanent plates are purchased.

While these user groups consist of 55,000 or more vehicle owners they do not have a paid lobbyist that can regularly be at each session. It is difficult to seek to protect these user-volunteered funds each and every session. These users have been most responsible in volunteering their funds where they saw needs. That action should be honored by this and every legislature.

These user-volunteered funds really have nothing to do with local government. They may be collected where fees and registrations are paid but they go to support programs run and coordinated by FW&P and MSUN.

I would be more than happy to work with your sub committee in any way that I can to insure that motorcyclist volunteered funds for the on and off-road programs remain inviolate.

Please have the sub committee secretary inform me when the best time to give additional testimony or assistance would be. My work number is 444-3310. Swearengen's number is 1-800-922-BIKE.

Dal Smilie, Chairman
Montana Motorcycle Safety Advisory Committee

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 6, 2001 at 5:40 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Services Division
Gregory Petesch, Director of Legal Services of Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. There were no tapes recorded for this meeting.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB124, 2/13/2001
Executive Action:

Gordon Morris, Executive Director MACo, gave testimony about the amendments that he would like to have put into the HB124. **EXHIBIT(lfh30a01)**

Point 1 recommended that the Local Government get a consistent procedure for giving out the "base component". This would provide assurance that all the taxing jurisdictions 'special

districts' would receive an amount that was equal to the revenue they presenlty receive.

Point 2 stated his desire that the fixed date for the quarterly distributions to begin would be July 1st.

Point 3 went over sections 23, 25 and 33 of the bill, as these sections had raised some concern with the special districts. They wanted these sections to be struck off the bill. Greg Petesch's amendments 1,2 and 3 already did this.

Point 4 made a change in section 28. See exhibit 1. This had already been accomplished in Greg Petesch's amendment 9.

Point 5 made a change to section 30. See exhibit 1. This had already been accomplished by Greg Petesch's amendment 11.

Point 6 recommended that sections 44 to 63 be removed from HB124 because of the belief that Special Improvement Districts and Rural Special Improvement Districts should not be included in the restraints of 15-10-420.

Point 7 wanted to change sections 118 and 119, because section 118 was temporary and section 119 was permanent.

Rep. Story wanted to know why the addition of point 7 needed to be put in. **Gordon Morris** responded that this way, if the entitlement goes down, they would still have some money. The difference between the temporary and permanent plans was that the temporary provision allows flexibility for the first year. It did not involve hard data, and would allow for growth. Adding to the permanent would not. Point 7 was withdrawn because it was not approved by the committee.

Rep. Story wanted to know when the temporary plan expired and was told it would expire on June 30th,2002. **Rep. Story** wanted to know why. **Judy Paynter, Department of Revenue,** said it was because there always needed to be a clean base, and then you could establish from there. That way, there would always be that clean base to fall back on. For their plan, they used 2002 as the base. After that, things could be changed.

There was a question about point 1 of exhibit 1 and whether money was being taken out. **Gordon Morris** explained that point 1 would guarantee special districts would get their money. If this bill did not pass, local governments would go through and put money to where it was needed. Greg Petesch amendments allowed them to get their share, but Gordon Morris wanted it changed.

Another question was raised on point 2 and how the timing was set on July. **Judy Paynter**, responded that they looked at how the money flowed in and out. They found that about 76 million was paid in November and May. If started in July and October,this would create a money crunch, for the state and interest would be lost.

PURPLE BOOK PAGE 25

Brad Simshaw, Department of Revenue, talked about a)December and June of the fiscal year, b)motor vehicle's monthly basis, and c) the gaming revenue being quarterly.

Joe Mazvrek of Great Falls asked why the court fees were not used. **Judy Paynter** replied that the court fees were not enough per month. The end of the fiscal year was June and the alcohol payments were paid quarterly. **Greg Petesch** said that using the quarterly basis was giving the committee a choice. This amendment would set the date as to when the payments would be made.

Karen Straege, the State Librarian, gave her thanks to the committee because this bill was meeting the needs of the library.

Rep. Story mentioned that the library and airport board budgets and levies were eliminated from HB 124. **Gordon Morris** said they wanted to operate under present law. **Rep. Story** said law creating boards and their and taxing authority were created together. **Rep. Esp** wanted to know how long that had been the case. **Karen Straege** said it had been like that since 1895.

Rep. Mangan moved that the amendments 1,2,3,8,and 12 in Gordon Morris' testimony be adopted. **Rep. Waitschies** said that this leaves the tax with the committee and should be voted down.

Rep. Peterson said that the Laurel Airport authorities were not a county , and so he wondered if these amendments would exclude them. He was answered that they would be excluded if you vote against the changes.

The motion to adopt these amendments was passed with one opposing vote.

Point 4 was addressed again with the question about why they would want to go to the all-purpose levy. **Gordon Morris** answered that many counties were doing this so they could aggregate the levy account.

They moved to adopt amendment 9, and the motion was passed unanimously.

Point 5 would put back the language "tax levy" for medical cost. **Rep. Mangan** wondered if this section of law, which allowed the county to cover inmate medical cost, had not actually been passed in the last session. **Gordon Morris** said that it had. **Greg Petesch** said it was taken out because outside the cap must be voted on. **Rep. Story** said to take it all out. If it was taken out, it may provide funding and they may levy. **Greg Petesch** said it was eliminated because the mill cap was districtorial, you would have to say what the money was used for, and it must be for governmental purposes.

Rep. Esp thought they both looked the same, but **Gordon Morris** cleared it up by saying that not eliminating the levy but putting it back in gave the authority for additional levy to be added. **Rep. Esp** said they already had that authority. **Gordon Morris** replied that they needed the additional levy to ask voters. The inmate payment must come from the town that the prison is in.

Rep. Mangan said that both the **Morris/Petesch Amendments** agreed, and that the end would be the same, just the language would be different. Because this would not hurt anybody, he was not opposed to the addition. **Rep. Story** said that it would hurt those who fund under that cap. Any money that would be added would then have to be voted on. **Gordon Morris** agreed.

Greg Petesch explained that SIDs were not put in inadvertently. The county commissioner could get the authority to impose a levy to meet SID costs with a vote. **Rep. Story** wanted to know if they would then need to vote for bond and for the commissioner authority to increase mils to pay the bond. **Greg Petesch** said that yes, there would need to be two elections.

Rep. Carney wanted to know if they would need two elections if the amendment was adopted. **Rep. Story** said that it should be adopted, or else there would be a big mess. The bond ratings would drop.

Rep. Wanzenried moved to adopt amendment 20, which was taken care of in amendments four and thirteen. It was adopted anonymously. There was a clarification as to which amendments were passed. The amendments passed so far were: 1,2,3,4,8,9,12, and 13, while 5 and 7 were eliminated. Story said they would need a gray bill.

Michelle Hand, who was representing the **Motorcycle Safety Program** said they wanted page five struck out. Page forty-one of the

PURPLE BOOK allowed for flat money grouping. It was eighteen dollars per motorcycle which would be a thirty-three percent increase. There was a problem with the wording. In the current version, the on-road motor vehicles do pay safety fees, but not the off roads. This needed to be changed.

Dal Smilie. Montana Motorcycle Safety Advisory, spoke next, saying he thought something else needed to be added to the amendment. **EXHIBIT(lfh30a02)**

Rep. Story wanted to know if the five dollar fee was in the twelve dollar registration fee, and it was not. He also asked who would do the separations. **Judy Paynter** said that the State Treasurer did. **Rep. Waitschies** wanted to know if it would be collected once or five times when motorcycles were permanently liscensed. **Greg Petesch** said this was not addressed under the fee. Twelve dollars would be included in the vehicle count, while the five dollars would be collected separately. **Michelle Hand** said that the applicable fee would be five times the fee. In this case, five dollars is the fee, so the total collected with the registration fee would be twenty-five dollars. After that, nothing would be collected.

Doug Amblino talked about off road vehicles, the re-registration for them, and how they, along with snowmobiles and boats were charged tax when buying plates. He went on to say that there was no way to decipher between the on/off road vehicles. If they do pay safety, it may need to be clarified on the registration where the funds should go. The general consensus was that that would be easy enough to fix.

Rep. Peterson wanted to know if they were going to modify the amendment or move now. They moved to adopt the amendment. It was adopted unanimously.

ADJOURNMENT

Adjournment: 7:30 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(lfh30aad)

EXHIBIT 1
DATE Feb. 6th 01
HB 124

February 6, 2001

HOUSE SELECT COMMITTEE FOR HB 124

I was heartened to hear Representative Story's promise to fix several of the motorcycling communities concerns with HB 124. Proposed amendment language reflecting those concerns provided at the initial bill hearing seem to do that.

Since the user fee levied on both on and off-road motorcycles were volunteered by the users in the mid and late 1980s they earnestly hope that the **entire amount collected from those fees will remain earmarked**. We also hope that they will go directly to FW&P and MSUN without the need for any biennial appropriation.

The entire amount collected includes the fee for both on and off-road motorcycles. It includes the endorsement fee for motorcycles (1/3 of this was "taken" a couple of sessions ago). It includes the total amount collected for the Montana Motorcycle Safety Program when permanent plates are purchased.

The advent of permanent registration of vehicles over 11 years old creates a one-time bump of income for the Montana Motorcycle Safety Education Program. After the initial bump in income no further safety fees come to the program from those vehicles. It is important that this fee income not be diverted. It must be able to be held in reserve by the program to replace later income lost from the permanent registration.

Users would hope that there be some protection built-in so that the University System cannot "sweep" these funds.

The $5.00 safety fee should be broken out of the overall $18 fee on light vehicles. The reason is that the user groups may request future legislatures to increase or decrease the safety fee and it should have its own identity. We have sought and received a change in an earlier session. In any case it should be clear that this fee is not an additional fee on top of the $18 light vehicle fee.

With the $5 Montana Motorcycle Safety fee segregated then the fee for motorcycles and quadricycles would be $13 rather than $18. Since a $2 fee that is a component of the total fee was raised to $3.25 just to achieve the overall same fee for all light vehicles, there is no reason now for that **140% tax increase**. Consequently the fee for motorcycles and quadricycles should be $9.75.

EXHIBIT 2
DATE Feb. 6th, 01
HB 124

Recommended amendments to House Bill 124, Representative Story, Sponsor

Offered by C. Gordon Morris, Executive Director, MACo

1) It is recommended that local governments, as defined on page 3, lines 18 and 19, need a consistent procedure for redistributing the "base component" as referred to in Section 1(1), that would provide assurance that all taxing jurisdictions "special districts" would get an "amount approximately equal to the revenue" they would "have received from sources other than property taxes. This should be inserted in reference to the amendments dated February 2, 2001, number 11:

"Each local government shall calculate each special districts portion of the base component in an amount that is approximately equal to the revenue that the special district would have received from sources other than property taxes prior to the passage of {this act}."

2) I would urge consideration of fixing the date for the quarterly distributions to begin effective July 1st, 2001. Amending number 12 so as to read would do this:

"The distributions must be made on a quarterly basis as determined by the department beginning on July 1, 2001 and each subsequent quarter there after."

3) Additionally, several sections need to be struck from the bill. Special districts—libraries, fire districts and others have raised concerns over the following sections:

Page 18	Section 23	Budgets of appointed boards and commissions - exemption for bonds
Page 19	Section 25	Responsibility of county commissioners to fix tax rate and levy tax
Page 21	Section 33	Budgets of appointed boards and commissions - exemption for bonds

These sections should be struck from the bill and doing so would provide them the assurance that nothing is changed relative to their current authority—business as usual. This amendment would have no impact on the bill.

4) I would recommend that Section 28, page 20, "All-purpose levy – maximum," be amended to read:

"7-6-2522. **All-purpose levy ~~—maximum~~.** (1) The all purpose levy, subject to 15-10-420 is an annual levy upon the taxable value of all property in the county subject to taxation for county purposes in lieu of the levies specified in 7-6-2523. ~~Subject to 15-10-420, the all-purpose levy may not exceed the lesser of:~~

~~(a) 55 mills on the dollar; or~~

~~(b) the total number of mills levied in the prior year pursuant to the levies set forth in 7-6-2523 as certified by the department of revenue under 15-10-202.~~

2) If the county governing body determines that the interests of the county would be served by an all-purpose levy, it shall specify its intent to impose the all-purpose levy in the resolution approving and adopting the annual budget."

5) I would recommend that Section 30, page 21, "County detention center inmate medical costs" be amended beginning on line 10, as follows:

"(2) If approved at a tax election by a majority of the qualified electors voting on the question, the board my annually levy upon the taxable value of all property subject in the county subject to taxation for county purposes for the purpose of subsection (1)."

HOUSE OF REPRESENTATIVES

Local Gov. Select Funding COMMITTEE

ROLL CALL DATE Feb. 6. 01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	✓		
Representative Whitsches	✓		
Representative Wanzenried	✓		
Representative Branae	✓		
Representative Mangan	✓		
Representative Esp	✓		
Representative Carney	✓		
Representative Peterson.	✓		

MONTANA State Library

1515 East 6th Avenue • Helena, Montana 59620-1800 • 406-444-3115
FAX: 406-444-5612 • http://msl.mt.gov

January 25, 2001

Representative Mark Noennig
Chair, House Local Government Committee
State Capitol, Helena

Dear Mark:

The Montana State Library Commission asks that your committee amend HB 124 because of the following impacts on Montana's public libraries.

Summary

Recent proposals by the Local Government Funding and Structure Committee would profoundly change the way the Montana public libraries are funded and governed. The Montana Library Association and the Montana State Library oppose these changes because public library boards:

- Are structured to operate semi-independently so that citizens have access to unbiased and comprehensive information;
- Are governed by laws that holds them accountable for the expenditure of public funds;
- Are subject to mill limits that can not increase unless approved by the voters;
- Must follow open meeting laws;
- Provide services in a setting that is open to all; and
- Must follow federal and state laws to receive state funding.

Philosophy

The health of our American democratic system depends on the participation of a well-informed citizenry. Citizens must have an equal opportunity to access information unencumbered by political, religious, racial, or other, bias. Citizens should expect that access would be available easily, consistently, and confidentially.

Under current Montana law, public library boards are independent, both politically and financially. Boards and resources to operate public libraries have been designated as independent from City or County councils or commissions. Public libraries may collect up to seven city mills and five county mills within their service areas.

The reasoning for this unusual independence is based on the need to foster resources of information for citizens beyond the control of local political or economic ebb and flow. Access to information is a democratic right, rooted in the First Amendment authority of freedom of speech and to petition for the right redress, and occupies a different level of responsibility from most day-to-day governmental operations.

Current legal responsibilities of Public Library Boards

Library boards operate under public law and state and local scrutiny.

To receive state funding for libraries, trustees must certify to the state library that they follow all state and federal laws. The state library offers regular training and printed materials for trustees about how to meet the requirements of laws and principles of public administration. Included in these materials is guidance in the correct way to advertise and hold public meetings in accordance with the open public meeting law to ensure public accountability.

Current law strictly regulates the collection and disbursement of library funding, including the amount of mills collected for the library. The maximum mill limit for city libraries is seven mills and the limit for the county library is five. Electors can increase these levy amounts for a time specified on the ballot in an election held according to state law.

After the county or city collects the taxes for the library, the city or county treasurer must place the revenue into the library fund. All other money collected for or by the library is also required to be placed in this fund. The treasurer physically controls the library fund, but cannot release library funds without certified approval by the board of trustees. Library boards receive financial reports, including revenue and expenditure reports, at their meetings. Library funds are audited along with the city or county accounts. The library receives a copy of the appropriate portion of the audit and works with the funding body and the auditor to resolve any problems. Current law provides accountability to the public to ensure that funds collected for library services are correctly collected, maintained, and expended.

In addition, state standards prohibit the dispensing of any state funding to library boards that do not follow Montana's laws and rules regarding local government accounting. MSL offers regular training to library boards and library staff concerning the correct and legal ways to manage public funds.

Unlike other boards, library boards of trustees govern a public service embodied in a physical place, the library. Therefore, library service is very visible to the public in contrast to more out of sight services, such as conservation or weed control. Library boards of trustees also govern public services for all members of the community, unlike schools that serve only children. The visible nature of library service embodied in the library building provides an opportunity for continuous scrutiny by the public. The public can judge the use of public funding by inspecting the amount of resources, including staff, available to provide library services.

While we recognize the desire to place all tax-supported services under a common system of funding and control, libraries constitute a vitally different service, one that is strongly recognized under current Montana law in MCA 22-1-301 to 331. States established autonomous library boards to safeguard our rights to unbiased and comprehsive information. States, such as Montana, have strict laws that govern the accountability of public funding to libraries and clearly delineate the responsibilities of the public library board of trustees. It would be a grave disservice to weaken this vital cornerstone in our democratic process.

Thank you for consideration of these matters.

Yours truly,

David L Johnson

David L Johnson, Chairman
Montana State Library Commission

From: Kimberly Frazer
To: House Representative Mark Noennig-Chair
Sent: January 26, 2001
Subject: HB-124

Dear Representative Noennig;

I am writing you today as a concerned motorcyclist rider and an ABATE member, American Bikers Aiming Towards Education. We are a Non-Profit organization dedicated to the promotion of motorcycle safety.

In 1989, ABATE came before the legislation and asked that a Motorcycle Safety Program be created. The Montana Motorcycle safety program has won two national awards, it has trained thousands of riders and saved many lives. Senator Max Baucas and Senator Emily Stonington are a couple of its graduates. It is attached to Montana State University at Northern. The year 2000 was a record breaking year for the program.

I would like to address 3 specific sections of HB 124:
Section 117G- particularly "Motorcycle Endorsements"
Section 151
Section 181D

A $5.00 fee is assessed onto the registration of every Motorcycle in Montana and placed into a special Monocycle fund and this is how the program is funded. We feel that to take this money and transfer it to the general fund is an incorrect way to do business, after all this money is a user fee. HB 124 takes these user volunteered fees and channels them through the general fund.

The 55,000+ Montana on and off road motorcyclist volunteered extra fees to serve usefulpurposes. This is an example of very responsible citizens. These rider and myself have a social contract with the government that will be breached by taking of our user fees.

Section 20-25-1002(2) of the Montana Code annotated guarantees that money collected from registration fees will be deposited in the State Motorcycle Safety Account. HB 124 breaches that promise.

We are not opposed to HB124 just the aspects that come out from our volunteered fees and give them to the general fund. These fees ~~should not be "shaved"~~ to help balance the budget. We are responsible citizens who didn't ask the government for help. Without volunteering there own money, the ~~deal should be~~ honerd.

I would like to respectively request that you strike out Section 151 altogether, and Section 117G, particularly "motorcycle endorsement". On Section 181, why are the proposed motorcycle fees such a huge increase compared to all other vehicles? This seems a bit discriminatory to me. I realize that this bill is huge, and will require alot of time and effort. I would be pleased if you could start with the above items.

Please carve out the Motorcycling out of this bill. Insure that in doing that, Motorcyclist don't have to pay twice.

Thanks Again.
Very Truly Yours,
Kimberly Frazer

Kimberly Frazer
115 SECOND STREET
DEER LODGE, MONTANA 59722

Pierre Wibaux

Town Of Wibaux

WIBAUX, MONTANA 59353
Montana Centennial Train Car - Official State Travel Host
Gateway To Montana On Interstate 94

John D. Evans
Mayor

Virginia R. Archdale
Clerk

January 23, 2001

Mark Noennig, Chairman
Local Government Committee
Montana House of Representatives
State Capitol
Helena, MT 59620

Dear Mr. Noennig:

I am writing on behalf of the Wibaux Town Council in opposition to HB 124, "The Big Bill."

Our opposition is based on the fact that there is no permanent plan for determining each local government entity's entitlement payment. My understanding is that HB 124 bases the entitlements for the next two years on Fiscal Year 2001 revenues, but then establishes another interim committee to look at what happens three years from now. In other words, we are being asked to take a trip to an undisclosed location, and if we don't like it when we get there, we don't have a return ticket.

We feel chances are pretty good that a permanent allocation plan would be based at least in part on population, and that the Town of Wibaux would come out a loser under such a plan. Because we are located along the North Dakota border and draw quite a few people from that state to the supper clubs in our community, we currently receive more video gambling money per population than most communities in the state. An entitlement formula based on population will likely mean that some of the video gambling tax collected from our community will be spent somewhere else.

We also don't like the idea of sending revenues collected in our county to the Department of Revenue to be sent back here. We feel this is unnecessary centralization rather than simplification. We have competent people in our county offices. We trust them. When we have questions or concerns, we can walk down the street and talk to them. Also, we feel we will lose investment income and possibly experience cash flow problems under the HB 124 centralization plan. Instead of getting a monthly check for motor vehicle taxes and beer and wine taxes, as we do now, we would be receiving a quarterly check, and it is likely the quarterly check would be at least a quarter behind the

actual collection. That is currently the case with video gambling taxes. That means money that is now collected in October and given to us in November may not be given to us until the end of March or first of April under the Big Bill.

One part of the Big Bill that we do like is restructuring the property cap limit so that it allows local governments the flexibility to decrease taxes in a given fiscal year without jeopardizing their taxing authority for following fiscal years. This makes sense, and the Legislature needs to address the issue.

The Legislature also needs to address the issue of revenue lost to local governments because of legislative actions – motor vehicle tax changes, personal property tax changes, reappraisals. HB 124 addresses those issues only in the short term, while raising other disturbing issues. We must oppose HB 124, at least until the full, final plan for reimbursement is laid out.

Sincerely,

John D. Evans
Mayor

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CARTER COUNTY
CLERK OF THE DISTRICT COURT/
COUNTY SUPERINTENDENT

P. O. BOX 322
EKALAKA, MT. 59324
PH: (406) 775-8714 or 775-8721

CAROLE CAREY
CLERK OF DIST. COURT
COUNTY SUPERINTENDENT
E Mail Address: ekalakaclc@yahoo.com

MARILYN HUTCHINSON
DEPUTY

January 30, 2001

In re: HB: 124 Local Government Funding (Big Bill)

Honorable Mark Noennig
Chairman, Local Government Committee
House of Representatives
Capitol Station
Helena, Mt. 59620

Dear Chairman Noennig:

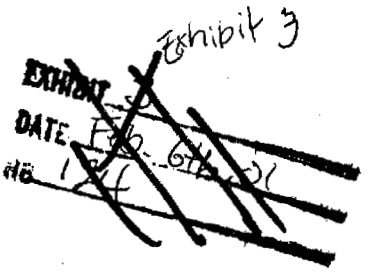
I am writing to ask you to vote **NO on HB 124.** I was present on Thursday at the hearing that was held on this bill.

In reading this bill I can see there are a lot of holes in it. Counties, Schools and Cities will not gain anything with this bill. The Local Government and Structure Committee had good ideas. The mistake that they made was allowing the Department of Revenue to structure the bill. By doing this, the Committee allowed the Dept. Of Revenue to be in complete control, something that this Department relishes in. There was talk at the hearing of "trust". Given the track record of the DOR how can counties, cities or schools "trust" them. Trust needs to be earned, not merely given to the Department seeking it.

Please remember what Mona Jamison said "If you pass this big bill, in 2 years you will be back with one much, much thicker, just to correct all the mistakes".

What this bill does is give more control to State Government, less to local governments. The purest form of government is local government. Local government answers to the people directly, not through a maze of rules, policies and regulations that do not pertain. President Bush wants control in Washington passed back to the states. The state should pass control back to the local governments. Put the power in the hands of the people. **HB 124 takes away the power of the people, VOTE NO.**

Sincerely,
Carole Carey
Carole Carey
Carter Co. Clerk of Dist. Court/Co. Superintendent of Schools



Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee (motorcycle #1)

Prepared by Gregory Petesch
February 6, 2001 (7:11AM)

1. Title, page 2, line 13.
Following: "61-3-524,"
Insert: "61-3-527,"

2. Page 104, line 5.
Following: "~~fees,~~"
Insert: "motorcycle safety fees,"

3. Page 137, line 2.
Following: "(b)"
Insert: "motorcycles, quadricycles,"

4. Page 137, line 26.
Following: line 25
Insert: "(4) An additional fee of $5 must be collected for the registration of each motorcycle as a safety fee and must be deposited in the state motorcycle safety account provided for in 20-25-1002."
Renumber: subsequent subsections

5. Page 138, line 7.
Strike: "Revenue"
Insert: "Except as otherwise provided in this section, revenue"

6. Page 152, line 1.
Insert: "Section 195. Section 61-3-527, MCA, is amended to read:
"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees -- permanent registration. (1) (a) There is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer for motorcycles or quadricycles that constitute inventory of the dealership.

(2) The owner of a motorcycle or quadricycle shall pay a

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fee based on the age of the motorcycle or quadricycle and the size of the engine, as follows:

(a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic centimeter to 600 cubic centimeters is as follows:

(i) less than 5 years old, $30;

(ii) 5 years old and less than 11 years old, $15; and

(iii) 11 years old and older, $6.

(b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic centimeters to 1,000 cubic centimeters is as follows:

(i) less than 5 years old, $55;

(ii) 5 years old and less than 11 years old, $20; and

(iii) 11 years old and older, $6.

(c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic centimeters and larger is as follows:

(i) less than 5 years old, $90;

(ii) 5 years old and less than 11 years old, $50; and

(iii) 11 years old and older, $6.

(3) (a) Except as provided in subsection (3)(b), the age of a motorcycle or quadricycle is determined by subtracting the manufacturer's designated model year from the current calendar year.

(b) If the purchase year of a motorcycle or quadricycle precedes the designated model year of the motorcycle or quadricycle and the motorcycle or quadricycle is originally titled in Montana, then the purchase year is considered the model year for the purposes of calculating the fee in lieu of tax.

(4) (a) The owner of a motorcycle or quadricycle that is 11 years old or older and that is subject to the fee in lieu of tax under this section may permanently register the motorcycle or quadricycle upon payment of a $30 fee in lieu of tax, the applicable registration and license fees under 61-3-321, and an amount equal to five times the applicable fees imposed for each of the following:

(i) the motorcycle safety ~~training~~ fee under ~~20-25-1007~~ 61-3-321 to be deposited in the account provided for in 20-25-1002;

~~(ii) weed control fees under 61-3-510;~~

~~(iii) county motor vehicle computer fees under 61-3-511;~~ and

~~(iv)~~ (ii) if applicable, renewal fees for personalized plates under 61-3-406.

(b) A person who permanently registers a motorcycle or quadricycle as provided in this subsection (4) shall pay an additional $2 fee at the time of registration for deposit in the state general fund. The department shall pay from the general fund an amount equal to the $2 fee collected under this subsection (4)(b) from each vehicle registration to the pension

trust fund for payment of supplemental benefits provided for in 19-6-709."

{*Internal References to 61-3-527:*
20-9-141x *20-9-331x* *20-9-331x* *20-9-333x*
20-9-333x *20-9-360x* *20-9-501x* *20-10-144x*
20-10-146x *61-3-509x* }"

Renumber: subsequent sections

7. Page 188, line 8.
Strike: "255"
Insert: "256"

8. Page 188, line 11.
Strike: "256"
Insert: "257"

9. Page 188, line 14.
Strike: "257"
Insert: "258"

10. Page 189, line 1.
Strike: "200"
Insert: "201"

11. Page 189, line 5.
Strike: "255"
Insert: "256"
Strike: "257"
Insert: "258"

12. Page 1, line 1.
Insert: "Technical note : Amendment 16 -HB012401.agp must be amended to remove fund transfer to safety account."

- END -

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MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 8, 2001 at 6:30 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: Rep. Eileen Carney (D)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Gregory Petesch, Director of Legal Services of Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted:
Executive Action:

Rep. Story opened by saying they would start out tonight with the motorcycle issues, and go into education from there.

Dal Smilie, Vice Chairman of the Motorcyclist Association, gave testimony that the amendment to the bill was only a tax increase. **EXHIBIT(lfh32a01)**

Rep. Wanzenried wondered what would have to be done to the bill to change that. **Greg Petesch** said they would have to create a

whole new registration category of $9.75 for the motorcycles and quadricycles. **Dal Smilie** pointed out that there was already a $10 fee category that they could use as it was closer to the $9.75 then the $13 or $15 categories.

Rep. Story asked why it costs $10 for the licence and decal for everything else and only $2 for the motorcycle. **Dal Smilie** was not sure, but thought maybe it was because the motorcycle was not a year round vehicle. His only argument was that they just should not use HB 124 as a tax increase.

Rep. Wanzenried made the motion to put the changes, making the light vehicle fee back to $5 and the motorcycle licence plate fee back to $2, into a grey bill.

The motion failed on a tie vote.

Madalyn Quinlan, OPI for Helena, went through her amendments. **EXHIBIT(lfh32a02)**

Amendments 1-4. They wanted to strike out the references to tuition being subject to 15-10-420, as tuition is excluded from the property tax limitation.

Amendments 6-9. These are technical amendments and relate to the fact that school districts should be required to anticipate the block grants while putting together their budget. Amendment 6 pertains to the general fund, amendment 7 pertains to the retirement fund, amendment 8 pertains to district transportation, and amendment 9 pertains to county transportation.

Amendment 10. This amendment changes a singular to a plural.

Amendments 11-16. (Page 184 of HB124) This section of the bill establishes the school district block grant. Currently it states that school districts calculate the block grant. She would like it to say that the OPI calculates the block grant according to the schools information.

Amendments 17-18. (Page 184, line 13 of HB124) This section of the bill says that half of the yearly district block grant would be distributed in November, and the other half in May. This raised the concerns that the district would lose interest. Amendments 17-18 would allow for 70% of the district block grant would be distributed in November and 30% in May. This would offset the interest loss a district would have from not getting the monthly motor vehicle payment.

Amendments 19-20 requests a supplemental, if the appropriation from the legislation is lower then what the districts are entitled to receive. So, while the legislation is trying to figure out what the district will receive in 2001, if they still come up short, OPI will prorate. They would actually receive less then what they included in their budget. OPI would like to see that changed so that if the appropriations are less then what the schools are entitled to receive they could request a supplement to the next legislation.

Amendments 21-22. These amendments cover the sections 256 and 267, which discuss the county school retirement and transportation reimbursements. These amendments would change those to block grants.

Amendments 23. This amendments covers page 188 of the bill. This amendment would make the appropriations biennial instead of annual appropriation for the block grants. This way they would be covered the first year and they could ask for a supplement if they were short the next year.

Rep. Wanzenried moved the amendments. **Rep. Story** wanted to segregate them and talk about amendments 19, 20, and 23. **Rep. Wanzenried** moved to segregate and adopt.

Rep. Esp asked **Greg Petesch** if he agreed with the reasoning of amendments 21 and 22, and was told yes, **Greg Petesch** did agree with them.

Rep. Story asked **Madalyn Quinlan** about amendments 7 and 9. He needed to know if the local school calculates the county wide levies in the school districts. **Madalyn Quinlan** told him that the district does not prepare the budget for county-wide levies, but the county superintendent did. He would still need to take the total revenues into account or they would levy more tax then they would need to.

The committee adopted the set of amendments, excluding 19, 20 and 23, which they wanted to discuss further.

Amendment 23 was about the biennial appropriations. **Rep. Story** asked what authority Madalyn Quinlan had from OPI to move the money from one half of the biennium to the other. **Madalyn Quinlan** answered that the authority came from this committee. If this committee gave them the biennial appropriation they could fully fund the first year. If there was a short fall before the information from fiscal year 2001 came in, they could still fully fund the 1st year and then the short fall would be in the 2nd year.

Rep. Story asked if **Madalyn Quinlan** agreed with his assessment that once they went with the yearly appropriations in the 1st year they would take the decline in the existing programs because of the 2 business equipment reimbursements that are on a 10% decline. The HB 20 and 417 are on a phase out so that every year from here on, 10% of those revenues would disappear. This phase out, he said, was not put into the final number. **Madalyn Quinlan** said they did build it into the county retirement number. The total appropriations for schools still has the 10% decline in it, it is just all packaged into the county retirement reimbursement. School will get the 2001 amount, but the county retirement fund will reflect the declining revenue source.

Rep. Story then asked about the transportation fund. **Madalyn Quinlan** said the county and district transportation would receive the amount that was estimated from the 2001 revenues. All the slack would be taken up in retirement. **Judy Paynter, Dept. of Revenue** said that the retirement fund was not in the 64.9 million dollars. Section 256 has the county - wide school and retirement reimbursement and section 257 is the county - wide school transportation reimbursement. They are both separate from the block advancement.

Rep. Story said there actually 3 appropriations. The appropriation they were dealing with now should be a pretty solid number, 64,9 million and the appropriation that would be short was one of the other appropriations. **Madalyn Quinlan** said it did not matter if the appropriation matched their intent. She understood that the slack of the short fall is absorbed in the county retirement fund and the school would be getting the 2002 budget. She said they would actually want biennials on all three of the appropriations.

Greg Petesch mentioned that they have specific dollar amount distributions to each county for each fiscal year in the other two appropriations. **Rep. Story** wondered if they fund everyone in the 1st year with the biennial appropriation, what would they do for the 2nd year when they do not have the money? **Madalyn Quinlan** answered that the payments are made in November and May. It would be possible in May 2003 to make a payment to school districts to fully fund the 2nd year and that would be after the 2002 fiscal year.

Rep. Story then asked how the schools would be getting the money, as they could not get it until after the fact and there was not a pot of money waiting to be used. The payments were made in November and May so it would be possible, in May 2003, to make a payment to school district that fully funded the 2nd year and that would be after the 2003 legislation, answered **Madalyn**

Quinlan. The way this bill was drafted, school disticts have used a certain 2001 amount. They build that into their 2003 budget even though they may not have the appropriations to fund it.

Rep. Esp asked how they came up with the 64 million, and was told by **Brad Simshaw, Dept. of Revenue** that it can from page 25 of the "Simplification in the 21st Century" book. There were 4 items under schools, so they added them together and came up with the 64 million. **Rep. Esp** wanted to know if these figures were estimates of what the revenues would be, or if they were the actual takeoffs of the revenue. **Brad Simshaw** replied that they were estimates for what the revenue would be by estimating the fiscal year 2002 with the motor vehicle estimates. With the indication and calculation as if the principles from HB 140 were in place for an entire year. The financial institutions would be estimated based on the most recent years.

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Rep. Story said it was based assuming the reimbursements from HB 184 were fully funded.

Rep. Esp asked **Madalyn Quinlan** if she thought these numbers would go up, but they would not get their money. **Madalyn Quinlan** said they wanted to make sure school districts would get the money in the block grant that they would be required to anticipate in their budget. She said it was guess work either way. Districts could be entitled to less then the State Appropriation. Under the current bill, if the appropriation is higher then what school districts are entitled to they would still receive that money. She would like to see that guess work taken out so the school districts would know exactly what they would be receiving from fiscal year 2001. The school districts have to estimate the following things as money available: investment earnings, what they will get from tuition, what they will get from various property taxes, even though they may not be available. HB 124 would set out a process by which they could determine the amount they would have to set in their budgets for the block grants. She once again requested that they be able to get what they are entitled to. No more, and no less.

Rep. Peterson restated what she said by saying that her point was to guarantee what they would get, and if there was more, that would be great. **Madalyn Quinlan** replied that if the appropriation was higher than what the districts anticipated in their budget, they will not get the benefit of that higher appropriation. The money would go back to the State general fund.

Rep. Story said that when they did the balance here, they assumed the 64 million for both the 1st and 2nd year. He asked **Judy Paynter** what would happen to the ending balance if it cost 66 million the 1st year and there was only 62 million for the 2nd year. **Judy Paynter** said it would hurt the balance. If 66 million was spent the 1st year, it would also be spent the second year. They would come up 4 million short.

Rep. Story then asked **Greg Petesch** if language could be put in that would guarantee that the next legislation would fund a supplemental. **Greg Petesch** told him that it was not possible. Even though this bill requests a supplemental, it is almost never granted. It is their legislative prerogative to not fund the overspending because they were not responsible for that overspending.

Rep. Story wanted to know how that 4 million would be gotten back for when they set their budget, how would they get the suppliment back into the pockets of the taxpayers? **Madalyn Quinlan** said they would get the 4 million back when OPI made the payment in May of 2003. **Rep. Story** pointed out that by May 2003 the tax bills were already paid. **Madalyn Quinlan** said what was missing was that the districts in this bill were required to include the block grant at the fiscal year 2001 level. They have been told what level to anticipate for their budget even though they knew they may come up short.

Rep. Story asked if there was any language that could change that. **Madalyn Quinlan** said they could request language be drafted into the bill that the districts should be allowed to levy taxes if the revenue would be short the next year. She went further to say that the uncertainty of it came from the 2002 year. The amount that the districts have to anticipate in their budgets is the same in 2003 as it had been in 2002. Once they get past figuring out what 2001 will generate for revenue, they will know what they can build into their 2002 budget and that same amount would be in 2003.

Rep. Story wondered which district would come up short and if it would be caused by an influx of vehicle sales in 2001. **Madalyn Quinlan** assured him that it would not just be one district. They would know this by looking at the revenue they are entitled to, and when they get the trustees report at the end of the year. These would show them if the total amount would be less then the 64 million. By proposing the biennial appropriation they could fully fund the 1st year and after that they would have to use the same. If it was short the 2001 amount, they could levy property tax to make up the difference. If they decided not to go the supplemental route, they could say the amount they would have to

use in their budget would be the remaining appropriation. **Rep. Story** thought that sounded like it would work and that they would be fully funded no matter how it was done unless money had been taken out before HB 124 went through the process.

Rep. Mangan asked if they wanted to make an amendment to make the change. **Rep. Story** told him that they could do an amendment and they would deal with it next time.

Rep. Wanzenried wanted to know if they were not going to adopt amendment 23. **Rep. Story** responded that they were actually talking about amendments 19 and 20 as well. If they did adopt amendment 23 they would be fully funding the 1st year. If they were short the next year OPI could adjust levy tax. **Rep. Story** moved amendment 23 so they could get the biennial appropriation.

Amendment 23 was adopted unanimously.

Linda Branon, Indian Impact Schools EXHIBIT(lfh32a03) started her testimony by saying that the OPI has to calculate, based on school district spendings, the local contribution rates. The blue page shows the local revenue received plus the county revenue received. She discussed how things were under current law and how things would be under HB 124. The white page shows what the rate looks like. Ultimately the local expenditures would go down and the school districts will be eligible to less federal money. The green page uses the district of Morin as an example of the payment sheet and their local contribution rate. This showed that the final amount of payment to be made to the applicant would be less, due to the local contribution being less. The yellow page is the actual law. The cream pages are the federal regulations that deal with the impact aid. She discussed the local sources and said that HB 124 ties everyone's hands. The 2nd cream page ties what OPI can do because it says that no State of Federal funds can be included. She made it clear that Impact Aid was not the only program that would be impacted by this.

Rep. Esp wondered if, on the yellow page, the 55 mils from the State fit under the category B. He was told that the 55 mils were put into place so equalization would work. Jurisdictions had to send in 55 mils to the State and then it was redistributed based on the student population.

Linda Branon clarified it farther by saying the 55 mils used to be collected by the county for the schools, and then distributed back to the schools by the county treasurer. When the funding law was changed it made the 55 mils be placed into a general fund and distributed from there. **Rep. Esp** asked if it would be

distributed in the same proportion it had been collected. **Linda Branon** said they had to put in that portion in because there were some counties where the 55 mils brought in more than was needed. Now the excess would go to a more needy county. **Rep. Mangan** said it sounded like, in HB 124 that a way had been found to get the money to the State, but no way to get it back. **Linda Branon** said that was not possible with HB 124.

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Rep. Story said the 55 mils was what was always in place to fund schools and were collected at the county level and distributed back to school districts. **Linda Branon** agreed and said that the funding used to be 17 and 28 mils, but was now increased to 33 mils for the elementary schools and 22 for the high schools. She said that OPI ships that back out. For Impact Aid, OPI keeps track of each separately because it is going back in the same proportionate way. **Rep. Story** asked how much HB 184 had effected the Impact Schools. **Madalyn Quinlan** said no one knows for sure. She said that property tax reimbursement was not included in the local contribution rate, so they were trying to identify which one of the 6 revenue sources would be effected. It was agreed that only the motor vehicle revenue would be, so it would be possible to identify the motor vehicle amount from 2001 and credit school for that going out.

Rep. Story Said he would think about that. **Greg Petesch** thought motor vehicle fit under the subsection B definition, better then the 55 mils because the districts were held harmless for the loss of motor vehicle revenue through the district block grant program that OPI calculates. **Linda Branon** understood HB 124 to say that the motor vehicle comes in and the State would send it back out. **Greg Petesch** told her how that applies to other funds collected by another government unit, and was distributed back to the schools in the same proportion as was collected in the block grant.

Eddye McClure said when the 55 mils came in they were sent out equitably, not necessarily in the same proportion. **Rep. Story** thought they were equalizing, but most districts were getting back more then the 55 mils that was put in. **Linda Branon said** that some counties were sending in more, but the 55 million would go back to that county. **Rep. Story** thought they should talk about it amongst themselves and they may see that HB 124 was a pretty good bill.

Gwen Anderson, Teton County Superintendent of Schools thought that the block grants were great, especially if they would be given the grants and allowed to do whatever they wanted to with

them. This was not the case though. The block grant would have to go back to the budgets they had been in for 2001. 2001 as the base year creates a few problems and the non-levy revenue are distributed on the mils that were levied. She did not levy any mils in her bus depreciation fund because she needed the money in the transportation fund. Because of that, she will not get any block grant money or non-levy revenue for her bus depreciation. This will increase the local taxes because she must fund the bus depreciation somehow. She said that there are many other school districts that did the same thing because SB184 was supposed to sunset and that would have given them more flexibility. With this block grant system, if they did not levy any mills they will not be getting any block grants for that budget. She agreed with **Rep. Story** that they needed a mechanism to adjust the revenue estimates if there was a short-fall. They budgeted the revenue they were told they were going to get. If they do not, it would create a hole. This hole would be there in 2002 and 2003 because 2001 is the base year. She also had concerns about the motor vehicle revenue being put in this package. She thought this would create a cash flow problem. 1)The school districts depend on the money from the July to November cash.
2)The reserves, another source of revenue between July and November, has decreased from 35% to 10%.
3)The non-levy revenue will be sent to the state and they will get that back twice a year. This will effect their interest as well.
4)The direct State aid is even declining.
She wondered if it was a possibility to make the payments be on a monthly basis, or if it had to be twice.

Dr. Jerry Pauli, Superintendent of Thompson Falls
EXHIBIT(lfh32a04) had concerns about how the vote from the last legislature to reduce taxes effected everything.
1)The taxable evaluation in their county reduced over 1 million,
2)The millions reduced from $13,000 to $10,000
These created a hole that had to be filled up. SB 184 was a lifesaver for him because then the non-levy revenue accounts increased for the school districts. He was concerned about whether or not that amount of non-levy revenue would continue to come into the school districts. If they did not, it would increase their taxes. He pointed out that no one really knows how HB 124 would effect the non-levy revenues and he would like to see exact predictions. He opposed HB 124 and hoped they would allow SB 184 to continue.

Bob Volo, Montana School Boards Association agreed that everyone involved was worried about how this would impact schools. He did appreciate the work that was put into this bill and how the schools were held harmless from a State perspective. He said it

was a trust issue and they would just have to assume that the revenue source would be there. He had no solutions, just concerns, but he did agree with OPI's amendments.

Senator Jim Elliot spoke on behalf of the taxpayers. He discussed the necessity of the funding that **Madaly Quinlan** was talking about, to give it to the local school district as a biennial appropriation. He agreed with **Rep. Story** that supplementals were not a sure thing. He then gave three ways to guarantee that the local school districts get the money.
1)The next legislation can promise to give this money.
2)The local school can raise taxes or,
3)They can dig into their reserves.
He said that either of these options abnegates an agreement made between the legislature and the State of Montana school districts.

Tom Bilidor, Research Director of MEA-AFT saw a problem with HB 124 because the reimbursement block grants for the schools sunsets at the end the biennial. Block grants terminate after 2003. Governor Martz's budget to the legislation of 2003, will have in it the monies needed to pay the on-going reimbursement to the local government or counties. They would increase, whereas the block grant is not in that budget. This would mean that they would have to come back the next legislation and argue for the basic block grant with less of a budget to claim. He wanted the schools to be treated the same as the local government and counties.

Rep. Mangan asked if there was enough time to work on the process to evaluate the concerns of the school district about the sunset.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Rep. Story said they would just have to require the governor to budget that money into the next budget.

Rep. Story asked if **Joan Anderson's** primary concern was because of the loss of the motor vehicle revenue being paid monthly. He mentioned that the other revenue sources did not come in monthly, and he wondered if doing 70% of the payments in November and 30%in May would help take up some of the slack.

Joan Anderson agreed that would help, but the monthly payments were better.

Rep. Esp asked **Linda Branon** how many school districts were having a federal money problem. She answered that there were about 75 to 100 having the problem.

It was decided by the committee that Linda Branon and OPI would tell them next Tuesday what they found out from reviewing what had been discussed tonight. That way they would know better if things were okay, or if a specific amendment needed to be changed.

ADJOURNMENT

Adjournment: 8:10 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(lfh32aad)

EXHIBIT 1
DATE Feb 8, 01
HB 124

February 8, 2001

HOUSE SELECT COMMITTEE FOR HB 124

I was heartened to hear Representative Story's promise to fix several of the motorcycling communities concerns with HB 124. Proposed amendment language reflecting those concerns provided at the three bill hearings seem to do that.

The remaining problem is one of fee increases.

Light vehicle fees, including motorcycles and quadricycles, were set at $18. This figure was chosen to make all these fees equal. The $5.00 safety fee was broken out of the overall $18 fee on light vehicles by this committee's action on February 6.

With the $5 Montana Motorcycle Safety fee segregated then the fee for motorcycles and quadricycles is $13 rather than $18. Since a $2 fee that is a component of the total fee was raised to $3.25 just to achieve the overall same fee for all light vehicles, there is no reason now for that **140% tax increase**. Consequently the fee for motorcycles and quadricycles should be $9.75.

The rationale for the fee increase was to set all light vehicle fees at the same level. Since the motorcycle fee is no longer the same there is no rationale remaining to raise it. These vehicles are only used a small portion of the year and shouldn't have to pay the same fee that all light vehicles pay anyway.

Vintage motorcycle plates for motorcycles get a **100% increase in taxes** under this bill. The logic in doing this seems to be different than that for making all light vehicle fees the same. Only this category was increased. The intention of HB 124 was not to increase taxes but rather to reform and restructure the law to help local government. This is just a tax increase.

Dal Smilie, Vice Chairman
American Motorcyclist Association

EXHIBIT 2
DATE Feb. 8, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(OPI)**

Prepared by Gregory Petesch
February 7, 2001 (4:04PM)

1. Title, page 2, line 7.
Strike: "20-6-413,"

2. Page 71, line 24.
Following: "20-5-324(5)"
Insert: "or 20-6-413"

3. Page 73, line 28.
Following: "20-5-324(5)"
Insert: "or 20-6-413"

4. Page 89, line 20 through page 90, line 10.
Strike: section 138 in its entirety
Renumber: subsequent sections

5. Page 92, line 24.
Strike: "and"

6. Page 92, line 25.
Following: "15-23-703"
Insert: "; and (vi) school district block grants distributed under [section 255]"

7. Page 97, line 5.
Following: line 4
Insert: "(iv) countywide school retirement block grants distributed under [section 256];"
Renumber: subsequent subsections

8. Page 100, line 12.
Following: line 11
Insert: "(i) school district block grants distributed under [section 255];"

Renumber: subsequent subsections

9. Page 101, line 28.
Following: line 27
Insert: "(v) countywide school transportation block grants distributed under [section 257];"
Renumber: subsequent subsections

10. Page 183, line 29.
Strike: "**grant**"
Insert: "**grants**"

11. Page 184, line 4.
Following: line 3
Insert: "(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate a portion of the block grant amount into each district's fiscal year 2002 budget as an anticipated revenue source by fund. The same block grant amount must be anticipated by and distributed to schools in fiscal year 2003."
Renumber: subsequent subsection

12. Page 184, line 4.
Strike: "each school district"
Insert: "the office of public instruction"

13. Page 184, line 5.
Strike: "estimate"
Insert: "calculation"

14. Page 184, line 6.
Strike: "a school district"
Insert: "the office of public instruction"

15. Page 184, line 7.
Strike: "estimating"
Insert: "calculating"

16. Page 184, line 8 through line 12.
Strike: subsection (2) in its entirety
Renumber: subsequent subsection

17. Page 184, line 13.
Strike: "one-half"
Insert: "70%"
Strike: "in equal payments"

18. Page 184, line 14.
Following: "and"
Insert: "30% must be distributed"

19. Page 184, line 15.
Strike: "greater than or"

20. Page 184, lines 16 and 17.
Following: "shall" on line 16
Strike: remainder of line 16 through "revenue" on line 17
Insert: "request a supplemental appropriation, as provided in 17-7-311, to pay the block grants"

21. Page 184, line 19.
Strike: **"reimbursement"**
Insert: **"block grants"**

22. Page 186, line 22.
Strike: **"reimbursement"**
Insert: **"block grants"**

23. Page 188, line 7.
Strike: "$64,950,619" through "2003"
Insert: "$129,901,238 for the biennium ending June 30, 2003"

- END -

EXHIBIT 3
DATE Feb. 8, 01
HB 124

HB 124

AND

IMPACT AID

Local Contribution Rate Calculation

Local Revenue Received + County Revenue Received / Total District Revenue Received = Ratio to be applied to district exp. To calculate what is "local expenditures"

Current Law Example:

Local revenue = 70,000
County revenue = 100,000
State revenue = 100,000
Federal revenue = 10,000
Qualifying district expenditures = 220,000

170,000 / 280,000 = .60714 x 220,000 = **$133,571** = District "local" expenditures.

HB 124 Example

Local revenue = 70,000
County revenue = 50,000
State revenue = 150,000
Federal revenue = 10,000
Qualifying district expenditures = 220,000

130,000 / 280,000 = .46428 x 220,000 = **$102,142** = District "local" expenditures

BEST COPY AVAILABLE

STATE OF MONTANA
LOCAL CONTRIBUTION RATES BASED ON GENERALLY COMPARABLE LEA'S
FOR FY 2000-01 IMPACT AID PAYMENTS
[BASED ON 1997-98 DATA]

GROUP KEY			DIST #	ADA	LOCAL EXPEND	OPTION ONE	OPTION TWO	OPTION THREE	OPTION FOUR	TOTAL $-EXPEND	PPC
N120	50 - Teton	0896 - Golden Ridge Elem	45	39	65,556	2,637.61	3,413.45	2,762.41	3,497.70	144,058	3,694
N120	05 - Carbon	0064 - Luther Elem	10	36	108,421	2,637.61	3,413.45	2,762.41	3,497.70	132,801	3,689
N120	39 - Powell	0715 - Ovando Elem	11	35	81,967	2,637.61	3,413.45	2,762.41	3,497.70	115,459	3,299
N120	34 - Park	0620 - Pine Creek Elem	19	35	96,550	2,637.61	3,413.45	2,762.41	3,497.70	156,490	4,471
N120	25 - Lewis & Clark	0498 - Auchard Creek Elem	27	30	35,377	2,637.61	3,413.45	2,762.41	3,497.70	101,529	3,384
N120	22 - Jefferson	0455 - Basin Elem	5	30	67,702	2,637.61	3,413.45	2,762.41	3,497.70	100,410	3,347
N120	28 - Madison	0536 - Alder Elem	2	29	126,104	2,637.61	3,413.45	2,762.41	3,497.70	139,163	4,799
N120	39 - Powell	0719 - Elliston Elem	27	28	85,074	2,637.61	3,413.45	2,762.41	3,497.70	120,685	4,310
N120	01 - Beaverhead	0007 - Wise River Elem	11	27	76,350	2,637.61	3,413.45	2,762.41	3,497.70	105,637	3,912
N120	50 - Teton	0898 - Pendroy Elem	61	26	67,837	2,637.61	3,413.45	2,762.41	3,497.70	97,308	3,743
N120	39 - Powell	0717 - Helmville Elem	15	26	91,041	2,637.61	3,413.45	2,762.41	3,497.70	132,309	5,089
N120	49 - Sweet Grass	0872 - Greycliff Elem	16	25	65,413	2,637.61	3,413.45	2,762.41	3,497.70	111,805	4,472
				6,355	22,227,881					32,815,745	
				7,086	24,187,738					36,210,071	
Y12I	56 - Yellowstone	0976 - Morin Elem	17	27	112,018	2,637.61	3,413.45	2,318.03	0.00	209,217	7,749
				27	112,018					209,217	
Y120	43 - Roosevelt	0782 - Brockton Elem	55	147	264,792	2,637.61	3,413.45	2,762.41	3,497.70	881,707	5,998
Y120	43 - Roosevelt	0774 - Frontier Elem	3	135	467,419	2,637.61	3,413.45	2,762.41	3,497.70	704,197	5,216
Y120	53 - Valley	0927 - Frazer Elem	2	109	438,234	2,637.61	3,413.45	2,762.41	3,497.70	883,508	8,106
Y120	44 - Rosebud	0800 - Ashland Elem	32J	89	391,933	2,637.61	3,413.45	2,762.41	3,497.70	589,378	6,622
Y120	18 - Glacier	0404 - East Glacier Park Elem	50	85	195,000	2,637.61	3,413.45	2,762.41	3,497.70	454,975	5,353
Y120	43 - Roosevelt	0786 - Froid Elem	65	72	321,651	2,637.61	3,413.45	2,762.41	3,497.70	496,043	6,889
Y120	36 - Phillips	0647 - Dodson Elem	2-A	70	357,494	2,637.61	3,413.45	2,762.41	3,497.70	536,978	7,671
Y120	45 - Sanders	0809 - Dixon Elem	9	63	167,961	2,637.61	3,413.45	2,762.41	3,497.70	422,994	6,714
Y120	02 - Big Horn	0026 - Wyola Elem	29	59	236,758	2,637.61	3,413.45	2,762.41	3,497.70	481,446	8,160
Y120	02 - Big Horn	0021 - Pryor Elem	2	42	229,680	2,637.61	3,413.45	2,762.41	3,497.70	458,836	10,925
Y120	01 - Beaverhead	0010 - Wisdom Elem	16	29	89,425	2,637.61	3,413.45	2,762.41	3,497.70	133,022	4,587
				900	3,160,347					6,043,084	
				927	3,272,365					6,252,301	
N13I	07 - Cascade	1195 - Deep Creek Elem	95	8	37,241	2,637.61	4,367.15	2,318.03	0.00	53,525	6,691
				8	37,241					53,525	
N130	01 - Beaverhead	0014 - Jackson Elem	24	25	70,259	2,637.61	4,367.15	2,762.41	4,364.86	100,119	4,005
N130	24 - Lake	0483 - Valley View Elem	35	22	36,754	2,637.61	4,367.15	2,762.41	4,364.86	90,478	4,113
N130	24 - Lake	0486 - Swan Lake-Salmon Elem	73	21	72,047	2,637.61	4,367.15	2,762.41	4,364.86	111,461	5,308

U.S. DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION
IMPACT AID PROGRAM
WASHINGTON, D.C. 20202-6244

VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS
(TITLE VIII of the Elementary and Secondary Education Act)

Voucher Numbers	Fiscal Year	Date
38857 2001-1	2001	01/13/2001
Total ADA: 33.97	Application Number: 36-MT-2001-3804	
Local Contribution Rate: [redacted]	Total Current Expenditures: $209,217.00	

Payee:

Morin Elem. School #17
8824 Pryor Rd.
Billings, MT 59101

DUNS Number: 100043926

PR/Award#: S041Z-2001-5929

Congressional Districts

County
Yellowstone

Negotiated Ratio	Attendance Ratio = Prior-Year ADA / Prior Year Membership	LOT% = TCE% + Membership%
0.94361	0.94375 = 30.20 / 32	94.05% = 38.49% + 55.56%

SECTION 8003(b) BASIC SUPPORT PAYMENT

Category	Membership	ADA	Weight	WSU	Max BSP	Full LOT	Prorated LOT
(A) (i)	0	0.00	1.00	0.00	$0.00	$0.00	$0.00
(A) (ii)	0	0.00	1.00	0.00	$0.00	$0.00	$0.00
(B)	0	0.00	1.00	0.00	$0.00	$0.00	$0.00
(C)	20	18.87	1.25	23.59	$80,523.29	$75,732.15	$79,510.31
(D) (i)	0	0.00	0.10	0.00	$0.00	$0.00	$0.00
(D) (ii)	0	0.00	0.10	0.00	$0.00	$0.00	$0.00
(E)	0	0.00	0.10	0.00	$0.00	$0.00	$0.00
(F)	0	0.00	0.05	0.00	$0.00	$0.00	$0.00
(G) (i)	0	0.00	0.05	0.00	$0.00	$0.00	$0.00
(G) (ii)	3	2.83	0.05	0.00	$0.00	$0.00	$0.00
8003(b) Total	23			23.59	$80,523.29	$75,724.10	$79,510.31
(A) (ii)	0	0.00	1.00	0.00			$0.00
(B)	0	0.00	1.00	0.00			$0.00
(C)	2	1.89	1.00	1.89			$2,173.50
(D) (i)	0	0.00	0.50	0.00			$0.00
(D) (ii)	0	0.00	0.50	0.00			$0.00
8003(d) Total	2			1.89			$2,173.50

8003(d) Maximum:			8003(d) Reduction
8003(e) Hold Harmless			$0.00
8003(f) Heavily Impacted Local Education Agencies	Maximum:	$0.00 X 0%	$0.00
8003(g) Children with Severe Disabilities			
8005(d)(2) Late Applicant 10% Payment Reduction			$0.00
8006 Sudden and Substantial Increases			
8007 Construction			$0.00
Other(1)			
Other(2)			
Other(3)			

Total Payments Summary	$81,683.81
Prior Payments for this Fiscal Year	$0.00
Overpayment	$0.00
Amount Certified for Current Payment this Fiscal Year	$81,683.81
Deductions for Prior Overpayments	$0.00
Amount of Payment to Applicant	$81,683.81

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(10) LOW-RENT HOUSING.-The term 'low-rent housing' means housing located on property that is described in paragraph (5)(A)(iii).

(11) REVENUE DERIVED FROM LOCAL SOURCES.-The term 'revenue derived from local sources' means—

(A) revenue produced within the boundaries of a local educational agency and available to such agency for such agency's use; or

(B) funds collected by another governmental unit, but distributed back to a local educational agency in the same proportion as such funds were collected as a local revenue source.

(12) SCHOOL FACILITIES.-The term 'school facilities' includes—

(A) classrooms and related facilities; and

(B) equipment, machinery, and utilities necessary or appropriate for school purposes.

Section 8014. Authorization of Appropriations.

(a) PAYMENTS FOR FEDERAL ACQUISITION OF REAL PROPERTY.-For the purpose of making payments under section 8002, there are authorized to be appropriated $16,750,000 for fiscal year 1995 and such sums as may be necessary for each of the four succeeding fiscal years.

(b) BASIC PAYMENTS; PAYMENTS FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES.-For the purpose of making payments under subsections (b) and (f) of section 8003, there are authorized to be appropriated $775,000,000 for fiscal year 1995 and such sums as may be necessary for each of the four succeeding fiscal years, of which 6 percent shall be available, until expended, for each such fiscal year to carry out section 8003(f).

(c) PAYMENTS FOR CHILDREN WITH DISABILITIES.-For the purpose of making payments under section 8003(d), there are authorized to be appropriated $45,000,000 for fiscal year 1995 and such sums as may be necessary for each of the four succeeding fiscal years.

(2) The term does not include—

(i) Improvements that are classified as personal property under State law; or

(ii) Equipment and movable machinery, such as motor vehicles, movable house trailers, farm machinery, rolling railroad stock, and floating dry docks, unless that equipment or movable machinery is classified as real property or subject to local real property taxation under State law.

(Authority: 20 U.S.C. 7702 and 7713(5))

Revenues derived from local sources. (1) The term means—

(i) Tax funds derived from real estate; and

(ii) Other taxes or receipts that are received from the county, and any other local tax or miscellaneous receipts.

(2)(i) For the purpose of paragraph (1)(i) of this definition, the term *tax funds derived from real estate* means—

(A) Locally received funds that are derived from local taxation of real property;

(B) Tax funds that are received on account of Wherry-Spence housing projects (12 U.S.C. 1702 *et seq.*) located on private property; and

(C) All local real property tax funds that are received from either the county or the State, serving as a collecting agency, and that are returned to the LEA for expenditure by that agency.

(ii) The term does not include—

(A) Any payments under this Act or the Johnson-O'Malley Act (25 U.S.C. 452);

(B) Tax payments that are received on account of Wherry-Spence housing projects located on federally owned property; or

(C) Local real property tax funds that are received by the State and distributed to LEAs on a per-pupil or formula basis.

(Authority: 20 U.S.C. 7713(11))

State aid means any contribution, no repayment of which is expected, made by a State to or on behalf of an LEA within the State for the support of free public education.

(Authority: 20 U.S.C. 7703)

Uniformed services means the United States Army, Navy, Air Force, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service.

(Approved by the Office of Management and Budget under control number 1810–0036)

(Authority: 20 U.S.C. 7703(a)(1); 37 U.S.C. 101)

§ 222.3 How does a local educational agency apply for assistance under section 8002 or 8003 of the Act?

An LEA must meet the following application requirements to be considered for a payment under section 8002 or 8003:

(a) Except as provided in paragraphs (b) and (d) of this section, on or before January 31 of the fiscal year for which the LEA seeks assistance under section 8002, or the fiscal year preceding the fiscal year for which the LEA seeks assistance under section 8003, the LEA must—

(1) File with the Secretary a complete and signed application for payment under section 8002 or 8003; and

(2) Certify to the Secretary that it will file, and file, a copy of the application referred to in paragraph (a) of this section with its SEA.

(b)(1) If any of the following events that give rise to eligibility for payment occur after the filing deadline in paragraph (a)(1) of this section, an LEA must file a complete and signed application within the time limits required by paragraph (b)(2) of this section:

(i) The United States Government initiates or reactivates a Federal activity, or acquires real property.

(ii) The United States Congress enacts new legislation.

(iii) A reorganization of school districts takes place.

(iv) Property, previously determined by the Secretary not to be Federal property, is determined in writing by the Secretary to be Federal property.

(2) Except as provided in paragraph (d) of this section, within 60 days after the applicable event occurs but not later than September 30 of the fiscal year for which the LEA seeks assistance under section 8002, or of the fiscal year preceding the fiscal year for which the LEA seeks assistance under section 8003, the LEA must—

(i) File an application, as permitted by paragraph (b)(1) of this section, with the Secretary; and

(ii) File a copy of that application with its SEA.

(c)(1) If the SEA wishes to notify the Secretary of any inconsistencies or other concerns with an LEA's application, the SEA must do so—

(i) For an application subject to the filing deadlines in paragraph (a)(1) of this section, on or before February 15 of the fiscal year for which the LEA seeks assistance under section 8002, or of the fiscal year preceding the fiscal year for which the LEA seeks assistance under section 8003; and

(ii) On or before fifteen days following the date by which an application subject to the filing deadlines in paragraph (b) of this section must be filed.

(2) The Secretary does not process for payment a timely filed application until any concerns timely raised by the SEA are resolved. If the Secretary does not receive comments or notification from the SEA by the applicable deadline set forth in paragraph (c)(1) of this section, the Secretary assumes that the data and statements in the application are, to the best of the SEA's knowledge, true, complete, and correct.

(d) If a filing date in this section falls on a Saturday, Sunday, or Federal holiday, the deadline for filing is the next succeeding business day.

(Approved by the Office of Management and Budget under control number 1810–0036)

(Authority: 20 U.S.C. 7705)

§ 222.4 How does the Secretary determine when an application is timely filed?

(a) To be timely filed under § 222.3, an application must be received by the Secretary, or mailed, on or before the applicable filing date.

(b) An applicant must show one of the following as proof of mailing:

(1) A legibly dated U.S. Postal Service postmark.

(2) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.

(3) A dated shipping label, invoice, or receipt from a commercial carrier.

(4) Any other proof of mailing acceptable to the Secretary.

(c) If an application is mailed through the U.S. Postal Service, the Secretary does not accept either of the following as proof of mailing:

(1) A private metered postmark.

(2) A mail receipt that is not dated by the U.S. Postal Service.

(Authority: 20 U.S.C. 7705)

NOTE TO PARAGRAPH (b)(1): The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, an applicant should check with its local post office.

[62 FR 35412, July 1, 1997]

EFFECTIVE DATE NOTE: At 62 FR 35412, July 1, 1997, § 222.4 was revised, effective July 31, 1997. For the convenience of the user, the superseded text is set forth as follows:

§ 222.4 How does the Secretary determine when an application is timely filed?

To be timely filed under § 222.3, an application must—

(a) Be received by the Secretary on or before the applicable filing date; or

(b) Bear a U.S. Postal Service postmark dated on or before that filing date.

(Approved by the Office of Management and Budget under control number 1810–0036)

(Authority: 20 U.S.C. 7705)

NOTE TO PARAGRAPH (b) OF THIS SECTION: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, an applicant should check with its local post office.

§ 222.5 When may a local educational agency amend its application?

(a) An LEA may amend its application following any of the events described in § 222.3(b)(1) by submitting a written request to the Secretary and a copy to its SEA no later than the earlier of the following events:

(1) The 60th day following the applicable event.

(2) By the end of the Federal fiscal year—

(i) For which assistance is sought under section 8002; or

(ii) Preceding the fiscal year for which the LEA seeks assistance under section 8003.

(b) The LEA also may amend its application no later than the end of the Federal fiscal year for which assistance is sought under section 8002 or of the fiscal year preceding the fiscal year for which the LEA seeks assistance under section 8003—

(1) For an adjustment to its payment based on data obtained from a second membership count; or

groups, those that serve an unusually high percentage of children with limited English proficiency and those that do not. The subgroup of at least 10 sparsely populated LEAs that serve a high percentage of children with limited English proficiency is the eligible applicant LEA's new group of generally comparable LEAs.

(4)(i) Using the new group of generally comparable LEAs selected under paragraph (c)(4) of this section, the SEA shall compute the LCR for the eligible applicant LEA according to the provisions of §222.41.

(ii) The SEA shall submit the resulting LCR to the Secretary and provide the Secretary a description of the additional factor or factors of general comparability and the data used to identify the new group of generally comparable LEAs.

(iii) The Secretary reviews the data submitted by the SEA, and accepts the LCR for the purpose of use under section 8003(b)(1)(C)(iii) in determining the LEA's maximum payment under section 8003 if the Secretary determines that it meets the purposes and requirements of the Act and this part.

(d) This section does not apply to applicant LEAs located in—

(1) Puerto Rico;
(2) Wake Island;
(3) Guam;
(4) American Samoa;
(5) Any outlying area; and
(6) Any State in which there is only one LEA.

(Approved by the Office of Management and Budget under control number 1810-0036)

(Authority: 20 U.S.C. 7703(b)(1)(C)(iii))

§222.40 How does a local educational agency select a local contribution rate based on generally comparable local educational agencies?

(a) In selecting an LCR based upon generally comparable LEAs, an LEA shall use the following steps:

(1) *Step 1.* The LEA shall select the factor or factors in §222.39 the LEA wishes to use as the basis for general comparability.

(2) *Step 2.* Using State-supplied data, the LEA shall identify within the State the entire group of LEAs (containing at least 10 LEAs exclusive of significantly impacted LEAs described in §222.39(b)(1)) that matches the factor or factors selected in Step 1 and that contains the applicant LEA or would contain the applicant LEA if it were not significantly impacted.

(3) *Step 3.* The LEA shall recommend to the Secretary the LCR, which the SEA has computed according to the provisions of §222.39, based on the group identified in Step 2.

(b) A significantly impacted LEA described in §222.39(b)(1) may—

(1) Apply for assistance under this program; and

(2) Under the generally comparable LEA method, recommend for itself the LCR of any group in which it would be included based on grade span/legal classification, size, location, or a combination of these factors, if it were not excluded as significantly impacted in §222.39(b)(1).

Example. An LEA applies for assistance under section 8003 and wishes to recommend to the Secretary an LCR based on generally comparable LEAs within its State.

1. Characteristics of Applicant LEA

The grade span of the applicant LEA is kindergarten through grade 8 (K–8). In the applicant's State, legal classification of LEAs is based on grade span, and thus does not act to further subdivide groups of LEAs.

The ADA of the applicant LEA is above the median ADA of LEAs serving only K–8 in the State.

The applicant LEA is located outside an MSA.

2. Characteristics of Other LEAs Serving Same Grade Span

The SEA of the applicant's State groups all LEAs in its State according to the factors in §222.39.

(a) The SEA identifies the following groups:

(i) One hundred and one LEAs serve only K–8. The SEA has identified a group of 50 LEAs having an ADA above the median ADA for the group of 101, one LEA having an ADA at the median, and a group of 50 LEAs having an ADA below the median ADA; and according to §222.39(a)(2)(i), the SEA considers 51 LEAs to have an ADA below the median ADA.

(ii) Of the 101 LEAs in the group, the SEA has identified a group of 64 LEAs as being inside an MSA and a group of 37 LEAs as being outside an MSA.

(iii) Among the group of 50 LEAs having an ADA above the median, the SEA has identified a group of 35 LEAs as being inside an MSA and a group of 15 LEAs as being outside an MSA.

(iv) Among the group of 51 LEAs having an ADA at or below the median, the SEA has identified a group of 29 LEAs as being inside an MSA and 22 LEAs as being outside an MSA.

(v) One LEA has 20 percent of its ADA composed of children identified under section 8003(a)(1)(A)–(C) and, therefore, must be excluded from any group it falls within before the SEA computes an LCR for the group. The LEA has an ADA below the median ADA and is located outside an MSA.

(b) On the basis of §222.41, the SEA computes the LCR for each group of generally comparable LEAs that the SEA has identified.

3. Selection of Generally Comparable LEAs

The applicant LEA selects the group of generally comparable LEAs matching the factor or factors it wishes to use as the basis for general comparability. Under the requirements of §222.39, the applicant LEA must begin with the group that includes all LEAs with its grade span, and, if relevant and sufficiently different, legal classification. In this case, grade span and legal classification happen to be the same. Thus, the group would include 100 LEAs, after excluding the one significantly impacted LEA. The applicant LEA then has several options:

(a) *Option 1.* The applicant LEA may select as its group of generally comparable LEAs on which to base its recommended LCR the entire group of 100 LEAs serving K–8, after excluding the one significantly impacted LEA. The applicant LEA then recommends to the Secretary as its LCR the rate computed for this group by the SEA.

(b) *Option 2.* Instead of selecting the group of 100, the applicant LEA may select as its generally comparable group only those LEAs within the 101 (the significantly impacted LEA must be included initially for the purpose of determining the median ADA) that have an ADA above the median ADA, that is, the group of 50. The applicant LEA then recommends to the Secretary as its LCR the rate computed for the group by the SEA.

(c) *Option 3.* Instead of selecting either of the groups described in Options 1 and 2, the applicant LEA may select as its generally comparable group only those LEAs within the 100 that are outside an MSA; that is, the group of 36, after excluding the one significantly impacted LEA. The applicant LEA then recommends to the Secretary as its LCR the rate computed for this group by the SEA.

(d) *Option 4.* Instead of selecting any of the groups described in Options 1, 2, and 3, the applicant LEA may select as its generally comparable group only those LEAs that both have an ADA above the median ADA for the 101 and are outside an MSA; that is, the group of 15. The applicant LEA then recommends to the Secretary as its LCR the rate computed for this group by the SEA. However, as provided in §222.39(b)(2), if the SEA were to have identified fewer than 10 LEAs under any factor or combination of factors, the SEA would not have computed a rate for such a group. Therefore, an applicant LEA included in such a group would not be able to use this factor or combination of factors in recommending its LCR to the Secretary. The significantly impacted LEA described in §222.39(b)(1), while included for determining the median ADA, is excluded from the computation of any group's LCR. However, the significantly impacted LEA may recommend for itself the LCR of any group it matches in grade span/legal classification, size, location, or a combination of these factors, (that is, in the case of the significantly impacted LEA referred to in this example, below the median ADA and outside an MSA), provided the group contains at least 10 LEAs that are not significantly impacted.

(Approved by the Office of Management and Budget under control number 1810–0036)

(Authority: 20 U.S.C. 7703(b)(1)(C)(iii) and 7703(f)(3)(A)(i)(II) and (III))

§222.41 How does a State educational agency compute local contribution rates based upon generally comparable local educational agencies?

Except as otherwise specified in the Act, the SEA, subject to the Secretary's review and approval, shall compute an LCR for each group of generally comparable LEAs within its State that was identified using the factors in §222.39, as follows:

(a)(1) The SEA shall compile the aggregate local current expenditures of the comparable LEAs in each group for the third fiscal year preceding the fiscal year for which the LCR is being computed.

(2) For purposes of this section, the SEA shall consider only those aggregate current expenditures made by the generally comparable LEAs from revenues derived from local sources. No State or Federal funds may be included.

(b) The SEA shall compile the aggregate number of children in ADA to whom the generally comparable LEAs in each group provided a free public education during the third fiscal year preceding the fiscal year for which the LCR is being computed.

(c) The SEA shall divide—

(1) The aggregate current expenditures determined under paragraph (a) of this section by;

THOMPSON FALLS PUBLIC SCHOOLS

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SUPERINTENDENT
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EXHIBIT 4
DATE Feb. 8, 01
HB 124

MEMORANDUM

To: Whom It May Concern

From: Jerry Pauli

Re: HB 124

Date: February 8, 2001

Action by the past legislature on reducing taxes in Montana had a drastic impact on Sanders County and the Thompson Falls Public Schools. The impact on the county and the Thompson Falls High School and Thompson Falls Elementary Districts is as follows:

1. Taxable valuation in Sanders County was reduced by twenty-seven percent from an amount of $36,969 a mill to a value of $27,110 a mill.
2. The value of a mill at the Thompson Falls High School District went from $13,062 to $10,559 and from $12,927 to $10,434 at the Thompson Falls Elementary School District.
3. SB 184 increased the non-levy revenue payments from $47,072 to $150,408 for the high school district and from $82,014 to $243,805 for the elementary district. The total increase in non-levy revenues from the Office of Public Instruction for the Thompson Falls Public Schools was $265,126.

Without this continued increase in non-levy revenues of **$265,126** from the Office of Public Instruction the local taxpayers in Thompson Falls will have an **increase of about twenty-five (25) mills** to fund the Base Budget.

It is imperative that HB 124 be written to provide this same relief to the two Thompson Falls School Districts or if HB 124 is not approved then SB 184 should be continued for two more years.

Thank you for your time and efforts in addressing this financial problem.

HOUSE OF REPRESENTATIVES

House Select COMMITTEE

ROLL CALL DATE Feb. 8th 01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	✓		
Representative Whitschies	✓		
Representative Wanzenried	✓		
Representative Branae	✓		
Representative Mangan	✓		
Representative Esp	✓		✓
Representative Carney			
Representative Peterson.	✓		

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

House Select COMMITTEE DATE Feb. 8th, 01

BILL NO. HB 174 SPONSOR(S) Bob Story

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Carter Christiansen	Pleven School		
Glenn Hageman	Sheridan Schools		X
Doug Walker	Ennis Schools		
Glen Johnson	Harrison Schools		?
Jerry Pauli	T. Falls Schools		X
Wayne Learsar	Troy Schools		X
Sandra Muster	Thompson Falls Schools		
Madalyn Quinlan	OPI - Helena		
Bob Vogel	MSBA		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HR:1993
wp:vissbcom.man
CS-14

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 13, 2001 at 6:20 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Greg Petesch, Director of Legal Services of Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB 124, 3/12/2001
Executive Action:

The meeting was called to order, and **Madalyn Quinlan from OPI,** presented the amendment they had drafted concerning the biennial appropriation. They decided that the motor vehicle revenue should be credited to school districts as a part of their local contribution. They decided they could do the same thing with the aeronautic money and the corporate license tax fund. She mentioned that there were still schools that had a concern with the cash flow because of the 70%, 30% split.

Rep. Story said those things would resolve themselves. **Madalyn Quinlan** said there was also the issue that **Gwen Anderson, Teton County Superintendent of Schools**, raised with 2001 as the base year there was no mil levy for some of the funds so no motor vehicle revenue would be going to her bus depreciation fund. She wanted to see the block grant going into the district and being distributed from there.

Rep. Story wondered if the problem would be there no matter what year was chosen for the base year. **Madalyn Quinlan** said it depended on what funds it was put to. The general property tax would be increased in one fund because of the revenues targeted there, and from there they would go some fund that had not received money for that year. Each school district would be different because they each had their own budget.

Rep. Waitschies asked what she thought of choosing between two different years, or an average of three.

Madalyn Quinlan thought one advantage of block grants was that what the school district had in their 2002 funds was what they would receive the next year.

Since the education issues where over, **Rep. Story**, said they would spend the rest of the meeting discussing how they came up with the growth factor, the calculation for the cities and counties, and the timing of payments.

Rep. Mangan asked if they could review what was currently in the bill.

Brad Simshaw, Dept. of Revenue, reviewed by taking them to the section in the bill where it showed how the counties, cities, county-wide retirement and schools were effected. He used liquor tax as his example to show how they took the total and distributed that across the 56 countries.

Rep. Story asked which year all the numbers were based on. **Brad Simshaw** told him it varied for the different categories, but he liquor, wine and tax numbers were from fiscal year 1999. They made an adjustment by revenue estimate to 2001.

It was asked if there was any correlation of those growth rates. **Brad Simshaw** said they had not looked at 2000 numbers to see how close they were. He went on to say that the source for all the vehicle items came from the Department of Justice database for year 1998, for the county basis. They had to do some calculations to figure the growth from 1998 to 2001, so they could distribute based on those mils. He said they were now in

the HB 540 system which is a flat fee system and now he would have to do an estimate on what HB 540 would have collected if it had been in place the whole time.

Rep. Mangan asked if the 12 million number they saw on their sheets had been estimated as if HB 540 was in place the whole year.

Brad Simshaw said that the 12 million was with HB 540 in place for the whole year. It represented HB 540 flat fee revenue which would go to counties and local government, not cities and towns. The number they tried to tie to was the number that had been worked out by the Legislative Services Division. It was a fiscal year 2002 number with a 1.5% growth anticipated each year because it was no longer based on a number of vehicles. He pointed out two positives brought about by HB 124:
1) Welfare would have 13.959 million. This shows the value of what savings and expenditures to county government would be if the state would assume the responsibilities of that system.
2) District courts. The county government currently pays revenue on this. If HB 124 passed, these would become a state function which would save the county government.
A chunk of the reimbursement category was not estimated, but the actual number was fixed in law phasing out 10% each year starting 2000.

Rep. Story said the next item was the growth rate that was applied to them.

Rep. Mangan wondered if the budget was off and what the budget office thought of the growth rate.

Amy said she was had not gotten to look at that yet, but would be looking into what growth rate should be applied to the reimbursement portion of it. She thought that was a fixed amount, so she was not sure what growth rate would be put on so the revenue would flow into the general fund.

Rep. Story said it was actually a negative growth rate that was applied to them.

Rep. Mangan wanted to know if the Budget Office agreed with the current growth rate or not. If they did not agree, he wondered what their position was.

The committee decided that the Budget Office should come to the next meeting because where they stood on it could change everything.

Mike Kadas, Mayor of Missoula, had a suggestion for redistributing back to the cities and counties. The way it is done now, he explained, is that there is a pool and the first thing done is to make every government whole. The mechanism, everyone gives 50% of CPI and then the leftovers would be distributed based on the population. He suggested they eliminate the CPI adjustment because this would have a positive effect on growing cities, but would also positively effect the areas that were stagnant or declining as they would receive a reasonable share.

Rep. Story asked if they would be held at the original share if they never had any growth in population.

Mike Kadas said they would not, because in the first year everyone would be kept whole, in the second year everyone would be kept whole based upon the first year plus a 3% more total. This distributed based on population would reward the growing places and give money to frozen places.

Gordon Morris thought rather then working it in HB 124, they should go back to the original intent of the interim committee which was that this growth issue had to be studied over the next interim and they had to come up with an appropriate mechanism that would help them deal with both growth and decline. Putting it in could give serious consequences and damage the success of HB 124.

Rep. Peterson wondered if, in the meantime, the money was held or put into interest. He also said he agreed with Mayor Kadas' plan.

Harold Blattie, Stillwater County Commissioner and Vice-Chair of the interim committee, said there had not been enough time to take a thorough look at a proper distribution method to reward growth. If growth was not put in, some of the counties would be opposed to this bill. He recognized that there could be a problem for faster growing communities. He thought the mechanism that was in the bill should be left there to be considered at a later date.

Rep. Mangan asked what Mike Kadas' plan would do to the figures.

Brad Simshaw thought there would not be much impact because the figures where only base figures.

Judy Paynter, Dept. of Revenue had them look on page 65 of "Simplification in the 21st Century" at the entitlement shares. ***{Tape : 1; Side : A; Approx. Time Counter : 0}*** The base for fiscal year 2001 was 352 and the growth would go to 363 for

fiscal year 2002. That creates a 1.1 million distribution in 2002 and 2003.

Rep. Story thought local government would have the concern that a temporary distribution put into the bill could become the permanent method. It may be more difficult to change later, as it may be locked down. No matter when the permanent method was put into place there would still be the growth problem of some counties growing and others declining.

Rep. Peterson asked what the distribution method was that was in place.

Rep. Story said it was currently the CPI method, which puts the total reimbursements to local government at 60 million dollars. It would grow up to about 3 million, which would be distributed to each county a potential growth of what the CPI is. If the demand was higher then the first year they would get a proportion of that. Money left over would be distributed according to population. To take the CPI method out would mean the money would follow people, rather than money following money.

Rep. Wanzenried thought they should wait until the budget office gave their presentation. If they were to vote now there would be no consensus.

Rep. Esp had a question concerning the chart on page 65 of "Simplification in the 21st Century". He wondered if they were talking about the 5 million dollars over the next two years and how they would be distributed, or if they were talking about an additional growth to that 5 million.

Rep. Story said they were actually talking about the short term and whether they wanted to change it to a long term method and leave it.

Rep. Waitschies thought they should go with what was there and work on it at a later time.

Rep. Wanzenried moved to adopt Mayor Kadas proposal.

Rep. Peterson supported the motion. His county would get the growth from the populated areas and he thought the money should follow.

Rep. Waitschies did not support the motion. Small counties, such as his, would just keep getting smaller and would soon not be able to meet their basic costs.

Rep. Esp said it depended on what money was going in or out in this equation on how he would vote.

The motion to adopt Mayor Kadas' plan failed 3 to 5.

John Laughten, who had also been on the interim committee thought they had run out of time when they were putting the proposal together. He recognized that there was a real issue of the fast versus the slow growth. He thought it was unjust either way and the best thing to do was just pick a method and use it. He figured they had 3 options:
1) The original formula
2) CPI taken out, or
3) A Compromise
He said if the committee wanted, they could come back with a few compromises to choose from. To choose one way or the other could really hurt the bill.

Rep. Mangan thought they should have already had that done before the issue was discussed, but thought they should go ahead and do it now.

Rep. Wanzenried wondered if the compromise would be a formula for the future, or only until the next time the interim group meets.

John Laughten told him it could be done either way, but he thought it should be permanent.

Rep. Peterson wondered who would bring the compromise back.

John Laughten thought it should be brought back by representatives from the fast, slow, county, city, west, east to cover all angles.

Rep. Story told him that would be appreciated and told them to have it ready for the Thursday meeting after transmittal break.

Harold Blattie reminded them that the committee had representatives from all areas, and had two years to put this together. It was ill-advisable, in his opinion, to come up with something in two or three days. He thought they should just leave things the way they were.

Sen. Elliot said the CPI makes sense for the small counties ,and the original makes sense for the larger counties. He wondered why they could not be combined together in a simple manner.

Larry Finch, Dept. of Revenue went over the distribution chart,**EXHIBIT(lfh36a01)** which addressed the issue of the timing

of where the quarterly distributions of the entitlement share to the local government and the interest impact of when those particular distributions would be made.

Table 1 shows the total dollar amount of revenue that flows into the local government. The Total Revenue column shows the $134,110,565 that would now flow to the state general fund. Table 1 shows how that money would be distributed in a fiscal year.

Table 2 shows the current law and the law proposed in HB 124. In option 1, they made the first payment be on September 30th and they used a 6% interest rate. They came up with the fact that HB 124 would give approximately 1,000,000 less then the current law. In option 2, the first payment was on September 15th. This makes the net impact be approximately 1,000,000 more then under current law.

Rep. Peterson asked what would happen if the interest would fluctuate.

Larry Finch told him it would be distributed. His charts were to simply show that it would work however, and the local government would be revenue neutral.

Rep. Story brought up the amendment that Gordon Morris had brought the first night. In that amendment the payments would be made July 1st and October 1st so the quarter would be up front. **Rep. Story** wondered what the present receipts were so they would not create an interest deficit for the state and a windfall for the counties. For the chart, he pointed out, motor vehicles had a big month in January and the other months were divided evenly. He wondered if this was how it was in reality.

Larry Finch said he believed so.

Mayor Kadas thought it all sounded fine. There were two issues, interest and cash flow. The thing not to do would be to give them 2 payments at the end of November and May, as that would create a money crunch.

Rep. Wanzenried moved to adopt Table 2, option 2 from the chart.

{Tape : 2; Side : A; Approx. Time Counter : 0}

Greg Petesch brought it to everyone's attention that they had already adopted a quarterly payment, and the only question left was when the dates should be established.

The committee adopted the motion to use September 15th as the first payment date and quarterly payments after that unanimously.

Rep. Story said they were getting into the issues of finances. He recommended that before any member of the committee change anything, they should first meet with a member of the Dept. of Revenue to have an analysis done.

Rep. Wanzenried wondered if they could discuss the revenue sources the way they were now without a proposal. **Rep. Story** said they could. **Rep. Wanzenried** did not think it made sense to bring the motor vehicle fees to the state.

Judy Paynter told him there were 2 reasons that had been done. 1) Gaming was not in the mix then, so when they did the tables they came up negative in at the state level. This meant that instead of it being an entitlement share from the state to the counties and cities, they needed an entitlement share for local government to pay the state government. They decided instead to move all the vehicle revenue into the state.
2) Not enough money was going out to the counties. They had to make the entitlement share payment big enough so it would not need to be altered. By putting the vehicle revenue in they were able to accomplish that.

Rep. Story agreed, but could not remember if they decided to distribute to the counties and cities or just with the counties. He asked the Dept of Revenue to bring the analysis of those options so the committee would be able to look at them.

Rep. Wanzenried wondered if Judy Paynter was saying that by bringing more money to the state level there would be less temptation for the legislation to use that money for anything other then that entitlement program.

Rep. Story said that had been the idea because the bigger the amount is, the harder it is to move it.

John Laughten said it came down to trust. The legislature will do anything they want, but it had been decided that a big lump sum would be easier to see if it was moved. Smaller sums would be easier to miss.

Mayor Kadas said it was more than trust, and more than just big or small. Diversity leads to stability. Some areas would be growing while others were declining. He did not like the fact that he would have to give up revenue sources that grew at 2% each for one that grew at 3%. He thought they were trying to give 2 major programs back to the state and that's why they would need all the revenue from local government. Local government would try to absorb welfare and district courts and then they

would need the money to pay for them. He suggested they take welfare out because then they would have room to work.

John Laugten agreed that some revenue sources do grow fast, but the downside was the revenue bills. They needed to be stabilized by giving up a little bit of the diversity and growth.

Rep. Wanzenried wondered why the gaming revenue was added late.

Judy Paynter said gaming revenue had been added late because they decided it was unstable. Cities were concerned about the reliability in the long run.

Rep. Story said it was all money that is presently being collected at state level and distributed from there.

Rep. Wanzenried wondered if there was any information that would substantiate the cities concern about the gaming revenue.

Judy Paynter answered that there was no downturn in the gaming revenue.

Rep. Story said the risk was that it would drop to zero. People would then have to decide if they would cut the program of raise the property taxes.

Rep. Wanzenried wondered how it would effect the state and was told that it would have the same effect on the state.

ADJOURNMENT

Adjournment: 7:45 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

Table 1

Distribution of Current Law Local Government Revenue - Reallocated Revenue Sources in HB124

Revenue Source	Total Current Revenue	July	August	September	October	November	December	January	February	March	April	May	June
Pers. Prop. Reimbursements	43,399,778						20,528,095						22,871,683
MV - District Court 10%	6,213,877	372,833	372,833	372,833	932,082	372,833	372,833	1,553,469	372,833	372,833	372,833	372,833	372,833
MV - All Other	44,240,942	2,654,457	2,654,457	2,654,457	6,636,141	2,654,457	2,654,457	11,060,238	2,654,457	2,654,457	2,654,457	2,654,457	2,654,457
Video Gaming	27,777,641			6,944,410			6,944,410			6,944,410			6,944,410
District Court Fees	1,906,941	158,912	158,912	158,912	158,912	158,912	158,912	158,912	158,912	158,912	158,912	158,912	158,912
Financial Institutions Tax	4,476,029	0	4,476,029	0	0	0	0	0	0	0	0	0	0
Federal Payments	116,782			115,614		1,168							
Alcohol - Beer and Wine	2,414,282	201,190	201,190	201,190	201,190	201,190	201,190	201,190	201,190	201,190	201,190	201,190	201,190
Alcohol - Liquor	1,609,521	402,380			402,380			450,666			354,095		
All Other	1,954,772	162,898	162,898	162,898	162,898	162,898	162,898	162,898	162,898	162,898	162,898	162,898	162,898
Total Revenues	134,110,565	3,952,669	8,026,318	10,610,313	8,493,603	3,551,457	31,022,794	13,587,370	3,550,289	10,494,699	3,904,383	3,550,289	33,366,382
Percent of Total	100.00%	2.95%	5.98%	7.91%	6.33%	2.65%	23.13%	10.13%	2.65%	7.83%	2.91%	2.65%	24.88%

EXHIBIT 1
DATE Feb. 13, 01
HB 124

124

Table 2 - Option 1 - First Payment on the 30th of September

HB124 - Change in Local Government Interest Earnings From Reallocation of Revenue Sources to Entitlement Share Payment

	Current Law			Proposed Law		
	Percentage Distribution	Dollar Distribution	Weighted Interest (6%)	Percentage Distribution	Dollar Distribution	Weighted Interest (6%)
Jul	2.95%	3,952,669	217,397			
Aug	5.98%	8,026,318	401,316			
Sep	7.91%	10,610,313	477,464	25%	33,527,642	1,508,744
Oct	6.33%	8,493,603	339,744			
Nov	2.65%	3,551,457	124,301			
Dec	23.13%	31,022,794	930,684	25%	33,527,642	1,005,829
Jan	10.13%	13,587,370	339,684			
Feb	2.65%	3,550,289	71,006			
Mar	7.83%	10,494,699	157,420	25%	33,527,642	502,915
Apr	2.91%	3,904,383	39,044			
May	2.65%	3,550,289	17,751			
Jun	24.88%	33,366,382	0	25%	33,527,642	0
	100.00%	134,110,566	**3,115,812**	100%	134,110,566	**3,017,488**

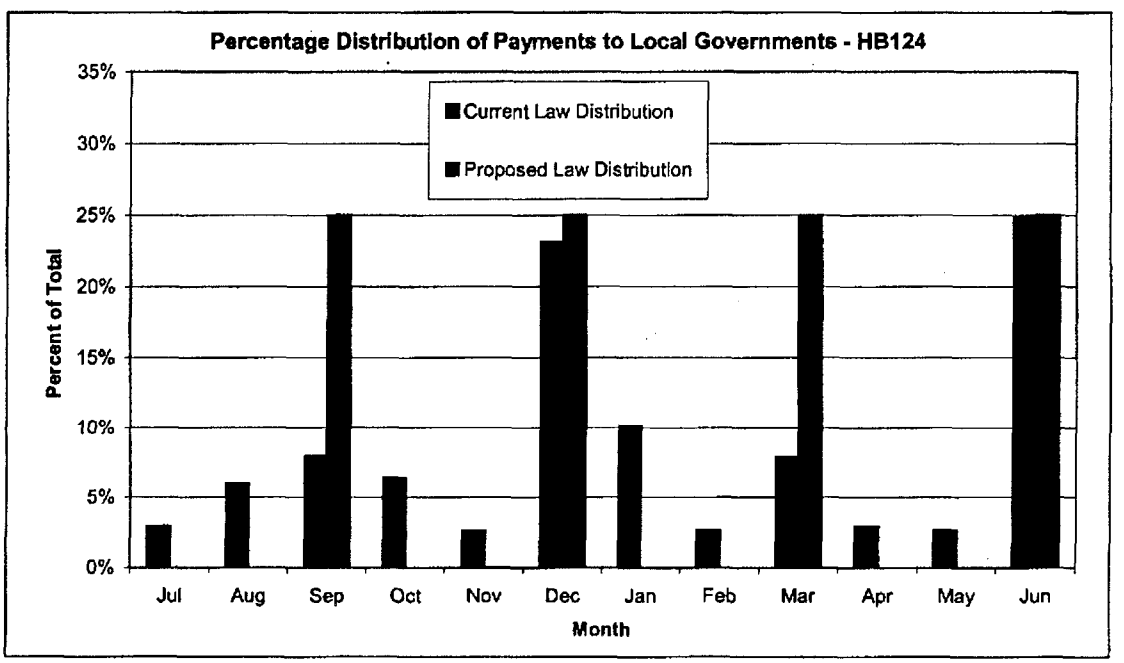
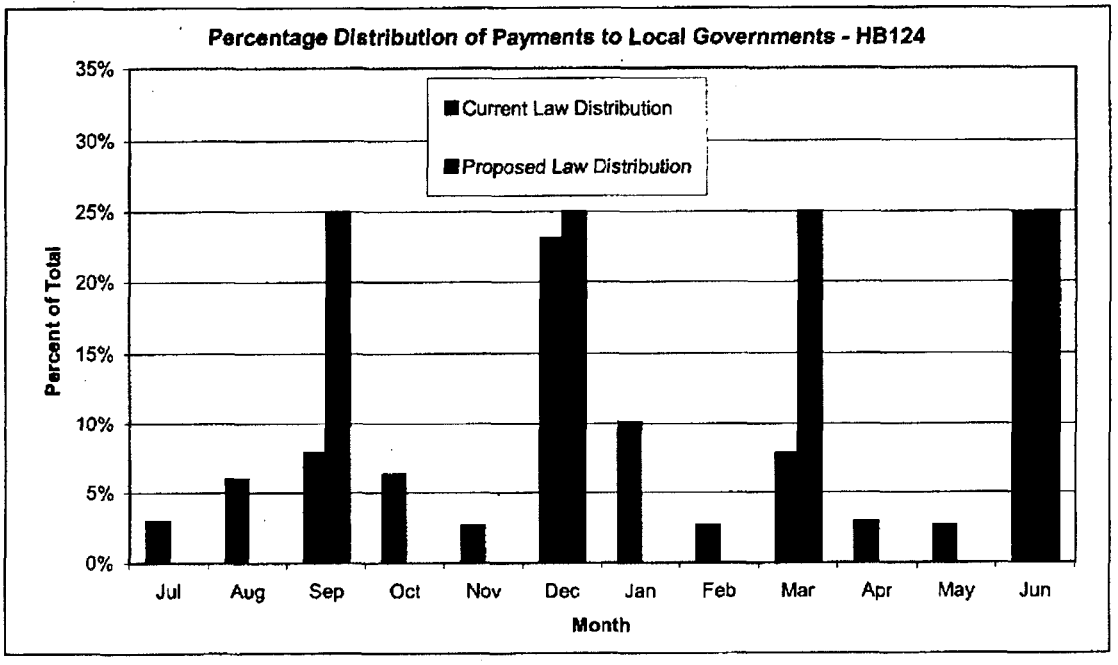


Table 2 - Option 2 - First Payment on the 15th of September

HB124 - Change in Local Government Interest Earnings From Reallocation of Revenue Sources to Entitlement Share Payment

	Current Law			Proposed Law		
	Percentage Distribution	Dollar Distribution	Weighted Interest (6%)	Percentage Distribution	Dollar Distribution	Weighted Interest (6%)
Jul	2.95%	3,952,669	217,397			
Aug	5.98%	8,026,318	401,316			
Sep	7.91%	10,610,313	477,464	25%	33,527,642	1,592,563
Oct	6.33%	8,493,603	339,744			
Nov	2.65%	3,551,457	124,301			
Dec	23.13%	31,022,794	930,684	25%	33,527,642	1,089,648
Jan	10.13%	13,587,370	339,684			
Feb	2.65%	3,550,289	71,006			
Mar	7.83%	10,494,699	157,420	25%	33,527,642	586,734
Apr	2.91%	3,904,383	39,044			
May	2.65%	3,550,289	17,751			
Jun	24.88%	33,366,382	0	25%	33,527,642	0
	100.00%	134,110,566	**3,115,812**	100%	134,110,566	**3,268,945**



MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 15, 2001 at 7:00 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Greg Petesch, Director for Legal Services of Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB 124, 3/17/2001
Executive Action:

Chuck Swysgood, Director of the Budget Office and Program Planning, presented his concerns about the growth rate factor in HB 124. He said the period that was used to figure the 3.2% rate was a period of time when there was a strong economy with lots of capital gain. This would make the rate higher then normal. He said the average rate was actually 2.2 or 2.5%. He thought the growth rate would decline to under 2% in the next two years. **EXHIBIT(lfh38a01)** The top of the chart shows the money coming into hte state from the funding shifts in HB 124. The lower

chart shows the annual growth rate. The first two columns show a 1.28% growth rate as up sizing in 2003 from the gaming machines in 2002. The average rate of growth for funds coming in would be 2.3% rate of growth. He was still cautious about that number, but was presenting it as his proposed rate. He said the growth rate did three things: 1) The revenue coming in continues to grow at the percent factor in the coming years. 2) SB 184 reimbursement had no growth factor, so the growth rate put in would still get that reimbursement. 3) There are 2 reimbursement bills in effect, HB 20 and SB 417. They both had a reimbursement trigger mechanism that they were static for a time and then in 2000 there was a 10% decline for 10 years in the revenue coming to the local government. After those 10 years were over the reimbursements would stop coming. By using this mechanism they took HB 20 and SB 417 and put them with the rate that came in 2000 to put a growth rate to them. This would pick up the 10% loss which, with his proposed 2.3% growth rate, they would receive a 12.3% growth of revenue, rather then the 10% declining.

Rep. Wanzenried wondered about the funding of the reimbursements. SB 184 requires that the reimbursement money replaced in HB 2 set aside $108 million. The executive must be planning that their other 2 bills pass, otherwise there will not be enough revenue.

Chuck Swysgood said the $108 million in the revenue budget for reimbursements was an increase over what was paid and currently there was $239 million in the budget. To figure out what they would get in this biennium, they would have to take out that $108 million and they would get the left over amount. Once SB 184 sunsets there will be no reimbursements.

Rep. Wanzenried showed them page 64 of "Simplification in the 21st Century" where the totals of the personal property reimbursement was higher then the $108 million. He wondered where those totals came from.

Judy Paynter, Dept. of Revenue said that the $76 million starts out with the personal property reimbursement from the $55 million in SB 134 and the remaining is the reimbursement that is going out in SB 417 from a past session and HB 20. In fiscal year 2002, SB 117 and HB 20 decrease 10% per year under the current law, while SB 134 would stay consistent with the 2001 level.

Rep. Wanzenried pointed out the total of those was over $140 million but there was only $108 million in the Dept. of Revenue's budget.

Judy Paynter said there were statutory appropriations to take care of that. **Rep. Wanzenried** wanted to know what those

appropriations were. **Judy Paynter** replied that they were from the statutory general appropriation fund that had been written into the law which made it automatic. The amount of these funds were $17 million. In SB 184, there was $54.9 million and there was approximately $21 million in fiscal year 2001. She was not sure what the breakdown was between the different funds. **Rep. Wanzenried** said that was a reduction of $10 million. **Judy Paynter** said there was $109 million in the budget for this biennium, which would cover 2 years. This $109 million came only from SB 184 and the other money to pay HB 20 and HB 417 would come from the statutory appropriations.

Rep. Story asked if the money would figure the shifts from their department. **Judy Paynter** said no, because that just held the money. They needed that money set aside in the budget because that is what made up the personal property reimbursement.

Rep. Mangan asked that it be explained again where they were getting the 12.3%. **Chuck Swysgood** explained that the 12.3% came about when HB 20 and SB 417 started decreasing 10% a year for 10 years. After the 10 years there would be no reimbursement. Under HB 124, the revenue would now go to the state and would stop the 10% decline and add the 2.3% increase. He explained the same thing would happen with the bill factor of 3.3%, you would just end up with 13.3% instead. It ultimately stops the 10% decline and adds the growth factor. The 12.3% plan would benefit local government because under the current system they would lose all revenue in 10 years.

Sen. Elliot said the HB 20 monies that would be declining were only a portion of the money reimbursement. HB 184 has no money decrease in it and the money that would decline is only a portion of the monies that goes back to the counties. He wondered what the money between the 3 bills was and said that between all those bills there would not be a 10% decrease.

Chuck Swysgood said HB 20 and SB 417 were the bills that reduced class 8 rates. It looked like HB 20 had $9 million and SB 417 had $10 million, which would equal $21 million.. This would be declining about 10% starting 2000.

Sen. Elliot said it would still not equal a 10% increase for the local government. **Chuck Swysgood** replied that he did not say that the local government would be getting an increase. He said that they would be getting the increase from HB 20 and SB 417, which would be a part, not the whole.

Mark Staples, Montana Tavern Association and an attorney in Helena, wanted to simplify things by streamlining how the local

government would get their funding. He thought it was the most simplified the way it was done now. He did not like the idea of the funding going all over the place and coming back to them from the general budget. This would allow cities to say that 18% to 20% of the budget did not come from gaming as it would come from the general fund. He thought they should leave things the way they were. Gaming has been the most predictable, most steady income and has steadied out between 3 and 5%. Right now two-thirds of it goes to the cities and counties, plus a portion of the fees from the gaming machines, plus one-third to the general fund. He did not know how it could be said that to send all the money to the general fund to come back with a new formula was a simpler, faster route then the one now taken. He also mentioned that there were a number of establishments that have gaming in them which helps keep certain fees down. Airports can keep landing fees down, golf courses keep golf fees down and ski resorts keep the ski fees reasonable. There are areas that treat gaming as a legitimate business, and treat it fairly. In those areas, there is more of a revenue flow. Communities that discriminate against the gaming business would still get the same amount of money as the areas that treat gaming fairly. The Montana Tavern Association wanted to see the money stay in the areas where it was earned, rather then sending it all in to get a percentage back.

Kristi Blazer representing Montana Beer and Wine Association, the group that collects the liqour taxes, and the **28 chemical dependency programs** that are the beneficiaries of the alcohol tax fund. Her issue was the earmarking of tax funds. In 1977 a policy was passed that made the product that was causing the problems be used to fund the treatment and rehabilitation. The system that is currently used works very well, she thought. She was a middle man and never actually sold the alcohol to the public, but rather to the distributers. 5% of the beer, wine and spirit taxes go right into the counties. Another large portion goes into the DPHHS fund. The leftover money then given back to the counties is earmarked for alcohol dependencies. That equals $1 million a year. The wholesalers want the money to go to solving alcohol problems. Under HB 124, that money would not be earmarked, but would be part of an entitlement share the local government could spend on roads, police etc. She would like to see that money still earmarked for alcohol dependencies.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Rep. Story asked where the gaming revenue went once it was collected. **Mark Staples** told him it went to the Justice Dept. to make sure the right amount was there and then it was sent back tp local government at a quarterly basis.

Rep. Story wondered how what was being proposed in HB 124 was any different than that. **Mark Staples** said it was currently a formula where 100% went in and 100% went back out unless the Justice Dept. found a problem. Under HB 124, 100% goes into the general fund and has other formulas it goes through. It just was not as simple as things were now. Right now you can give the money and get that same amount back. It is a reliable way because they know what was sent in and they can count on what they will get back.

Rhonda Carpenter, representing the Montana Coin Machine Operators, had done some numbers with GIA by taking what the growth rate has been in some areas and that growth rate had been higher then the rate that was put into HB 124. HB 124 put a lock on the growth rate and the revenue coming back. Any additional money would have to be given to the general fund rather then being kept. They came up with what had been paid in the pool and then divided that by the population. A third of the counties and cities would lose a lot and two thirds would go up a little.

Randy Grey, Mayor of Great Falls, said that Great Falls was a high gaming area and wondered what would happen if that was equalized over a years time, and what would stop the area from promoting gaming because they would get the same amount. He said there was a conflict as to what should be done with HB 124. He said gambling could be left out of the bill and then the money would go back to the city, but he thought the money should be left in the bill. He was concerned about the stability of that source of revenue coming to towns. 20% of their general fund came from gambling. If that revenue source was to be voted out by the people of Montana, his city would lose $3 million. He did not want to be supporting a position on behalf of an industry.

Rep. Esp asked if the chart that Rhonda Carpenter had passed out only included the gaming revenue or if they took into consideration any of the cities budget that depends on something from the state that was decreasing like HB 20. **Rhonda Carpenter** said those charts had only been made with the gaming revenue numbers.

Rep. Esp wondered how it was figured out what gaming revenue the state would get. **Mark Staples** told him it was 15% of the gross(after payouts). He used the example of a game machine. If someone put $10 into the machine, he would get $6 back and the machine would gross $4 before taxes. That 15% has actually been $46 million and is distributed. Two-thirds goes into the local government, cities and counties and one-third goes to the State of Montana.

Rep. Esp pointed out that if the cities and counties get 10% and the owner and operator gets 85% of the gross, there would be some overhead profit. **Mark Staples** agreed, saying there would be an estimated profit of 12%.

Rep. Esp wondered if the citizens of the town would get a portion there was an increase of gaming in the town. He was told they would.

Rep. Wanzenried wondered what the other side of the conflict was and why gaming should be removed from HB 124.

Mayor Grey said that Chuck Swysgood's projections were low. By looking back to past years it could be seen that there was a higher growth rate. Some areas grow faster then others, and they would lose money. He thought the bill got worse every time he looked at it. He said that in SB 417 and HB 20 a chunk of the tax base would be taken away with the promise of a reimbursement. The legislation said they would flatten them out and, then after so much growth, they would be put on a decline. The towns and cities were supposed to be okay because of the growth, but, they had already been hurt. He asked that the growth be given and not taken away.

Rep. Wanzenried wondered what advantages there were to the money coming back to the city. **Mayor Kadas** said the money was earmarked for police. The advantage was that it was a separate revenue source that was not as tied to the economy as the other revenue sources were. The gaming fund was about 10% of the general fund budget and about half of what HB 124 would give them. Most of the gambling money goes back to the cities because that is where it was earned.

Rep. Story pointed out that there was only a 2% growth on gambling revenue in Missoula.

Mayor Kadas said he had looked back 3 years and found that for the first quarter of 2001 there was no increase. In 2000 there was a 2% increase and in 1999 there was a 7% increase. In all, it is 10% of the budget and grows more then 2% a year.

Rep. Wanzenried asked if gaming was left in the bill would the state be responsible to distribute $20 million in tax receipts that it would not receive because gaming had been taken out. **Greg Petesch** told him that was how it was.

Mark Staples said he appreciated the various positions and concerns on the bill, but wanted to point out that it was HB 124 that put them in that position, not gambling.

Rep. Mangan asked were MACo stood on this.

Gordon Morris said it was safe for him to say they supported the bill. He pointed out that counties had a unique position in the gaming phenomenon. They have a slight take of the revenue, but have all the same social costs that goes with it.

Rep. Peterson said the gambling funds that Missoula got were earmarked for police work. He wondered if the gaming in the bill would go back earmarked or if it would go to the general fund. **Greg Petesch** told him it was just deposited in the municipal treasury along with the entitlement share.

Rep. Peterson wondered what the statutory effect was if that money was not required to be used on a certain thing. **Greg Petesch** was not certain, and was not aware of any such requirement.

Rep. Peterson said Great Falls was a gambling city which say a growth of 5.7%. The net effect of that would mean they would get back $4073. **Rhonda Carpenter** said he was sort of correct with his assumptions. She said they collected in 2001 on all average of the growth. The estimated base is what they collected in the base year plus a 3% growth. They contributed $72,500 to taxes and would get back $76,000. That would mean they would not have paid the state $4370.

Rep. Peterson pointed out Billings and how they were in the hole because they were growing faster then the growth rate with 8.7%. **Rhonda Carpenter** said that was because they were growing at a 5% rate faster then the factored growth rate. She said the average gambling revenue was growing that much faster. **Rep. Peterson** wondered if this was like an equalization among towns. **Rhonda Carpenter** agreed, calling it gambling equalization.

{Tape : 2; Side : A; Approx. Time Counter : 0}

Kristi Blazer said they looked at it like there was this pot of money that came back to counties from alcohol taxes. A large share of the taxes, she informed the committee, went straight to DPHHS instead of the local government. The amount left over currently went to the counties earmarked for the alcohol dependency purposes. As a part of the proposed entitlement share there would be no earmarks, no qualifications as to what the money should be used for. The $1 million that her dependency programs depended on would, under HB 124 be given to the state general fund and then a part of the entitlement fund.

Larry Finch, Dept. of Revenue said Kristi Blazer was partly correct. The money would go into the county in the entitlement share, but there would still be the requirement that it be used for the dependency programs.

Gordon Morris said that one of the adopted amendments should have helped that because it made the money go back to alcohol if it came from alcohol.

Rep. Mangan wanted to hear what Alec Hanson and Gordon Morris thought about Mr. Swysgood's proposal.

Alec Hanson said the HB 124 had been passed with the understanding that the gambling would go into the state and the entitlement would get kicked out. He said he would stick to that even though the growth rate was lower. HB 124 sets up a partnership between the cities and counties so he was willing to work with Mr. Swysgood's proposal of 2.3%.

Gordon Morris agreed, saying he would like to see it work for the counties and cities.

ADJOURNMENT

Adjournment: 8:05 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(1fh38aad)

EXHIBIT 1
DATE Feb. 15th 01
HB 124

HB124 Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	6,307,085	6,401,691	12,708,776	6,497,716	6,595,182	13,092,898
Motor Vehicles - All Other	73,792,488	74,899,376	148,691,864	76,022,866	77,163,209	153,186,076
Gaming Revenue	28,083,142	31,827,971	59,911,113	33,292,058	34,823,492	68,115,550
District Court Fees	1,906,941	1,906,941	3,813,882	1,906,941	1,906,941	3,813,882
Financial Instiurions Tax	8,397,202	8,397,202	16,794,404	8,614,690	8,837,810	17,452,500
Taylor Grazing Payments	116,782	116,782	233,564	116,782	116,782	233,564
Alcohol-Related Taxes	4,116,407	4,213,185	8,329,592	4,312,238	4,413,620	8,725,859
All Other Impacts	2,386,347	2,386,347	4,772,694	2,386,347	2,386,347	4,772,694
Total Revenue Impacts	125,106,394	130,149,495	255,255,889	133,149,638	136,243,384	269,393,022

HB124 Impacts of Proposed Funding Shifts on State Gvoernment
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	1.50%	1.50%	-	1.50%	1.50%	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	1.10%	13.33%	-	4.60%	4.60%	-
District Court Fees	0.00%	0.00%	-	0.00%	0.00%	-
Financial Instiurions Tax	0.00%	0.00%	-	2.59%	2.59%	-
Taylor Grazing Payments	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	1.28%	4.03%	-	2.31%	2.32%	-

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(gambling)**

Prepared by Gregory Petesch
February 8, 2001 (8:07AM)

1. Title, page 1, line 15 through line 16.
Following: the second "VEHICLE FEES" on line 15
Strike: ","
Insert: "AND"
Following: "TAXES" on line 15
Strike: remainder of line 15 through "TAXES" on line 16

2. Title, page 2, line 10.
Strike: "23-5-610, 23-5-612,"

3. Page 115, line 4 through page 119, line 10.
Strike: sections 161 and 162 in their entirety
Renumber: subsequent sections

4. Page 1.
Insert: "Technical note: amend HB012401.agp amendment #11 to exclude gaming revenue"

- END -

137

HB 124 Affect on Local Government Receipts from Video Gambling Tax revenue

Assumptions:

Growth Factor 3.00%

Gambling revenue grows in FY2001 at the same rate as FY2000

Base Entitlement is equal to FY2000 collection plus the stated growth factor

All monies over the base entitlement go to a pool for distribution on a population basis

No.	County/City	Est Pop 07/01/99	FY2000	% Change 99-00	Est Coll FY2001	Est Base w/Growth	Est Contrib To Pool	Est Rec'd From Pool	Net Effect
0100	Butte	33325	$1,688,768	3.86%	$1,753,941	$1,739,431	$14,510	$45,469	$30,959
01118	Walkerville	629	$2,287	-37.45%	$1,431	$2,356	($925)	$858	$1,783
0200	Cascade	20749	$249,074	-4.54%	$237,762	$256,546	($18,784)	$28,310	$47,094
02007	Belt	544	$28,526	20.42%	$34,351	$29,382	$4,969	$742	($4,227)
02019	Cascade	600	$19,867	6.39%	$21,137	$20,463	$674	$819	$144
02052	Great Falls	56340	$2,678,094	5.71%	$2,830,938	$2,758,437	$72,501	$76,871	$4,370
0284	Niehart	49	$1,261	8.55%	$1,369	$1,299	$70	$67	($3)
0300	Yellowstone	27811	$385,656	7.10%	$413,023	$397,225	$15,798	$37,946	$22,148
03010	Billings	92988	$4,389,226	8.07%	$4,743,579	$4,520,902	$222,676	$126,873	($95,803)
03015	Broadview	183	$3,531	3.96%	$3,671	$3,637	$34	$250	$216
03069	Laurel	6276	$284,701	1.18%	$288,049	$293,242	($5,193)	$8,563	$13,756
0400	Missoula	30884	$659,863	12.37%	$741,482	$679,659	$61,823	$42,138	($19,685)
04081	Missoula	58460	$2,236,154	2.07%	$2,282,391	$2,303,238	($20,847)	$79,763	$100,610
0500	Lewis & Clark	23281	$203,257	3.51%	$210,401	$209,355	$1,046	$31,765	$30,719
05037	East Helena	1713	$238,694	31.91%	$314,855	$245,855	$69,000	$2,337	($66,663)
05038	Helena	29081	$1,356,968	4.90%	$1,423,505	$1,397,677	$25,828	$39,678	$13,850
0600	Gallatin	23761	$157,884	11.85%	$176,592	$162,620	$13,972	$32,420	$18,447
06006	Belgrade	5195	$221,213	21.97%	$269,810	$227,849	$41,961	$7,088	($34,873)
06012	Bozeman	30723	$813,857	10.04%	$895,607	$838,273	$57,334	$41,919	($15,416)
06077	Manhattan	1467	$24,461	9.94%	$26,893	$25,195	$1,698	$2,002	$304
06112	Three Forks	1513	$27,401	16.77%	$31,996	$28,223	$3,773	$2,064	($1,708)
06119	West Yellowstone	1222	$95,845	5.72%	$101,325	$98,720	$2,605	$1,667	($938)
0700	Flathead	45039	$661,372	6.52%	$704,471	$681,213	$23,258	$61,452	$38,194
07025	Columbia Falls	4293	$235,524	6.28%	$250,320	$242,590	$7,730	$5,857	($1,873)
07067	Kalispell	17149	$1,153,840	13.07%	$1,304,673	$1,188,455	$116,218	$23,398	($92,820)
07122	Whitefish	6292	$275,182	-6.56%	$257,135	$283,437	($26,302)	$8,585	$34,887
0800	Fergus	5219	$23,078	-6.65%	$21,543	$23,771	($2,227)	$7,121	$9,348
08032	Denton	359	$1,337	32.94%	$1,778	$1,377	$400	$490	$89
08051	Grass Range	158	$3,329	-5.08%	$3,160	$3,429	($269)	$216	$484
08071	Lewistown	6026	$288,522	1.82%	$293,781	$297,178	($3,397)	$8,222	$11,619
08082	Moore	208	$1,947	-9.54%	$1,761	$2,005	($244)	$284	$528
08125	Winifred	210	$4,501	-2.60%	$4,384	$4,636	($252)	$287	$538
0900	Powder River	1276	$250	250.00%	$875	$258	$618	$1,741	$1,123

Prepared by Rich E. Miller, GIA

HB 124 Affect on Local Government Receipts from Video Gambling Tax revenue

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Base Entitlement is equal to FY2000 collection plus the stated growth factor

All monies over the base entitlement go to a pool for distribution on a population basis

No.	County/City	Est Pop 07/01/99	FY2000	% Change 99-00	Est Coll FY2001	Est Base w/Growth	Est Contrib To Pool	Est Rec'd From Pool	Net Effect
09014	Broadus	501	$23,585	5.77%	$24,946	$24,293	$653	$684	$30
10000	Carbon	5250	$69,412	17.45%	$81,527	$71,494	$10,033	$7,163	($2,870)
10005	Bear Creek	43	$543	-14.58%	$464	$559	($95)	$59	$154
10013	Bridger	833	$82,846	6.32%	$88,078	$85,331	$2,747	$1,137	($1,610)
10047	Fromberg	450	$3,991	-28.99%	$2,834	$4,110	($1,277)	$614	$1,891
10064	Joliet	689	$5,567	12.50%	$6,263	$5,734	$529	$940	$411
10094	Red Lodge	2278	$114,389	9.41%	$125,158	$117,821	$7,337	$3,108	($4,229)
11000	Phillips	2178	$6,000	-23.09%	$4,614	$6,180	($1,566)	$2,972	$4,537
11034	Dodson	123	$4,625	15.10%	$5,323	$4,763	$560	$168	($392)
11076	Malta	2162	$59,123	-4.95%	$56,199	$60,897	($4,698)	$2,950	$7,648
11100	Saco	229	$3,159	32.09%	$4,172	$3,253	$919	$312	($606)
12000	Hill	6625	$81,976	13.72%	$93,220	$84,435	$8,785	$9,039	$254
12057	Havre	10425	$491,475	5.27%	$517,385	$506,219	$11,166	$14,224	$3,058
13000	Ravalli	27706	$150,012	14.60%	$171,922	$154,513	$17,409	$37,802	$20,393
13030	Darby	1089	$60,229	141.92%	$145,705	$62,036	$83,669	$1,486	($82,183)
13053	Hamilton	4829	$419,847	9.05%	$457,826	$432,443	$25,383	$6,589	($18,794)
13107	Stevensville	2187	$46,167	6.27%	$49,060	$47,552	$1,508	$2,984	$1,476
14000	Custer	3139	$17,666	2.20%	$18,055	$18,196	($141)	$4,283	$4,424
14080	Miles City	8698	$420,593	11.01%	$466,896	$433,211	$33,685	$11,868	($21,817)
15000	Lake	18872	$110,359	21.63%	$134,229	$113,670	$20,560	$25,749	$5,189
15092	Polson	5033	$227,443	13.66%	$258,505	$234,267	$24,238	$6,867	($17,371)
15097	Ronan	1980	$166,042	15.87%	$192,396	$171,023	$21,373	$2,702	($18,671)
16000	Dawson	4099	$87,548	3.34%	$90,470	$90,175	$295	$5,593	$5,298
16050	Glendive	4340	$200,686	14.50%	$229,785	$206,706	$23,079	$5,922	($17,157)
16096	Richey	231	$2,327	30.37%	$3,033	$2,396	$637	$315	($322)
17000	Roosevelt	5589	$83,028	23.73%	$102,730	$85,519	$17,211	$7,626	($9,586)
17003	Bainville	164	$29,255	3.87%	$30,389	$30,133	$256	$224	($32)
17016	Brockton	358	$1,353	-37.45%	$846	$1,393	($547)	$488	$1,036
17028	Culbertson	823	$35,533	-12.55%	$31,074	$36,599	($5,525)	$1,123	$6,648
17046	Froid	190	$5,459	-10.10%	$4,908	$5,623	($715)	$259	$974
17093	Poplar	898	$40,938	11.08%	$45,474	$42,166	$3,309	$1,225	($2,083)
17127	Wolf Point	2890	$117,753	17.82%	$138,740	$121,286	$17,454	$3,943	($13,511)
18000	Beaverhead	4185	$25,134	24.53%	$31,300	$25,888	$5,412	$5,710	$298

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18033	Dillon	4342	$182,303	6.51%	$194,173	$187,773	$6,401	$5,924	($476)
18073	Lima	263	$6,103	-9.31%	$5,535	$6,286	($751)	$359	$1,110
19000	Choteau	2520	$12,545	9.94%	$13,792	$12,921	$871	$3,438	$2,567
19008	Big Sandy	686	$26,401	4.08%	$27,479	$27,193	$286	$936	$650
19045	Fort Benton	1581	$32,673	18.89%	$38,845	$33,654	$5,192	$2,157	($3,035)
19048	Geraldine	279	$1,851	-16.56%	$1,545	$1,907	($362)	$381	$743
20000	Valley	3617	$68,628	11.00%	$76,177	$70,687	$5,490	$4,935	($555)
20049	Glasgow	3781	$76,325	6.40%	$81,211	$78,614	$2,597	$5,159	$2,562
20083	Nashua	374	$5,093	25.29%	$6,381	$5,246	$1,135	$510	($625)
20085	Opheim	140	$3,235	-38.51%	$1,989	$3,332	($1,343)	$191	$1,534
20128	Fort Peck	220	$173	-54.56%	$78	$178	($99)	$300	$400
21000	Toole	1491	$16,696	-34.33%	$10,965	$17,197	($6,232)	$2,034	$8,266
21068	Kevin	161	$7,049	-17.11%	$5,843	$7,261	($1,417)	$220	$1,637
21102	Shelby	2596	$169,272	1.90%	$172,482	$174,350	($1,868)	$3,542	$5,410
21108	Sunburst	390	$6,343	-15.24%	$5,376	$6,533	($1,157)	$532	$1,689
22000	Big Horn	9188	$16,352	42.51%	$23,304	$16,843	$6,461	$12,536	$6,075
22054	Hardin	3385	$289,325	10.57%	$319,907	$298,004	$21,903	$4,619	($17,284)
23000	Musselshell	2353	$7,954	28.76%	$10,242	$8,193	$2,049	$3,210	$1,162
23079	Melstone	121	$907	19.18%	$1,081	$935	$147	$165	$18
23098	Roundup	2078	$88,218	7.39%	$94,734	$90,865	$3,870	$2,835	($1,034)
24000	Blaine	4528	$9,548	19.54%	$11,414	$9,834	$1,580	$6,178	$4,598
24021	Chinook	1573	$82,178	3.41%	$84,981	$84,643	$338	$2,146	$1,808
24055	City of Harlem	973	$41,391	9.25%	$45,222	$42,633	$2,589	$1,328	($1,261)
25000	Madison	4543	$28,612	15.67%	$33,095	$29,471	$3,624	$6,199	$2,574
25039	Ennis	1039	$34,662	33.40%	$46,238	$35,702	$10,536	$1,418	($9,119)
25103	Sheridan	752	$8,020	-16.62%	$6,687	$8,261	($1,574)	$1,026	$2,600
25115	Twin Bridges	432	$1,960	110.30%	$4,122	$2,019	$2,103	$589	($1,514)
25117	Virginia City	161	$10,151	-17.61%	$8,363	$10,455	($2,092)	$220	$2,312
26000	Pondera	2861	$23,449	25.37%	$29,399	$24,153	$5,247	$3,904	($1,343)
26027	Conrad	2844	$104,846	0.78%	$105,664	$107,991	($2,327)	$3,680	$6,207
26116	Valier	539	$3,523	-31.02%	$2,430	$3,629	($1,199)	$735	$1,934
27000	Richland	4412	$13,883	4.59%	$14,521	$14,300	$221	$6,020	$5,799
27042	Fairview	812	$48,875	26.88%	$62,012	$50,341	$11,671	$1,108	($10,563)

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EXHIBIT 12

HB 124 Affect on Local Government Receipts from Video Gambling Tax revenue

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27104	Sidney	4829	$248,747	10.07%	$273,802	$256,210	$17,592	$6,589	($11,004)
28000	Powell	3290	$22,621	-14.70%	$19,296	$23,299	($4,003)	$4,489	$8,492
28031	Deer Lodge	3655	$167,723	7.55%	$180,387	$172,754	$7,633	$4,987	($2,646)
29000	Rosebud	7861	$46,891	-37.79%	$29,169	$48,297	($19,129)	$10,726	$29,854
29044	Forsyth	2008	$81,684	11.54%	$91,113	$84,135	$6,978	$2,740	($4,238)
29129	Colstrip	0	$89,717	68.37%	$151,058	$92,408	$58,650	$0	($58,650)
30000	Anaconda	9721	$399,770	0.44%	$401,515	$411,763	($10,248)	$13,263	$23,511
31000	Teton	3455	$13,274	-0.92%	$13,152	$13,672	($520)	$4,714	$5,234
31022	Choteau	1893	$39,977	7.86%	$43,118	$41,177	$1,941	$2,583	$641
31036	Dutton	397	$6,341	-12.02%	$5,579	$6,531	($952)	$542	$1,494
31041	Fairfield	687	$21,099	-16.12%	$17,698	$21,732	($4,034)	$937	$4,971
32000	Stillwater	6136	$70,548	13.19%	$79,850	$72,664	$7,186	$8,372	$1,186
32026	Columbus	2192	$128,171	3.94%	$133,216	$132,016	$1,200	$2,991	$1,790
33000	Treasure	489	$0		$0	$0	$0	$667	$667
33062	Hysham	370	$2,056	0.62%	$2,069	$2,118	($49)	$505	$554
34000	Sheridan	1588	$5,312	-43.58%	$2,997	$5,471	($2,474)	$2,167	$4,641
34078	Medicine Lake	313	$5,194	5.84%	$5,497	$5,350	$148	$427	$279
34086	Outlook	93	$217	25.48%	$272	$223	$49	$127	$78
34090	Plentywood	1888	$59,552	6.86%	$63,636	$61,339	$2,298	$2,576	$278
34120	Westby	218	$5,704	-3.94%	$5,479	$5,875	($396)	$297	$693
35000	Sanders	6902	$70,765	14.01%	$80,682	$72,888	$7,794	$9,417	$1,623
35061	Hot Springs	488	$3,719	0.79%	$3,749	$3,831	($82)	$666	$748
35089	Plains	1233	$76,909	4.16%	$80,112	$79,217	$895	$1,682	$787
35111	Thompson Falls	1610	$99,891	9.10%	$108,984	$102,887	$6,097	$2,197	($3,900)
36000	Judith Basin	1517	$19,680	36.76%	$26,915	$20,270	$6,644	$2,070	($4,575)
36060	Hobson	229	$6,329	-21.50%	$4,968	$6,519	($1,551)	$312	$1,863
36106	Stanford	538	$5,805	-37.48%	$3,630	$5,980	($2,350)	$734	$3,084
37000	Daniels	780	$3,627	-14.48%	$3,102	$3,736	($634)	$1,064	$1,698
37043	Flaxville	74	$2,177	-27.18%	$1,586	$2,243	($657)	$101	$758
37101	Scobey	1109	$31,212	4.65%	$32,665	$32,148	$516	$1,513	$997
38000	Glacier	9084	$46	-57.77%	$20	$48	($28)	$12,394	$12,422
38029	Cut Bank	3519	$249,813	8.71%	$271,568	$257,308	$14,260	$4,801	($9,459)
39000	Fallon	1061	$1,052	28.88%	$1,355	$1,083	$272	$1,448	$1,175

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39004	Baker	1698	$58,809	0.26%	$58,962	$60,573	($1,611)	$2,317	$3,927
39091	Plevna	126	$3,415	72.67%	$5,897	$3,518	$2,379	$172	($2,207)
40000	Sweet Grass	1788	$15,808	0.15%	$15,831	$16,283	($451)	$2,440	$2,891
40009	Big Timber	1796	$38,154	3.35%	$39,431	$39,299	$132	$2,450	$2,318
41000	McCone	1267	$1,455	-3.19%	$1,409	$1,499	($90)	$1,729	$1,819
41023	Circle	657	$9,049	-1.43%	$8,920	$9,321	($401)	$896	$1,297
42000	Carter	1032	$635	-14.81%	$541	$654	($113)	$1,408	$1,521
42038	Ekalaka	422	$7,141	-24.71%	$5,377	$7,356	($1,979)	$576	$2,554
43000	Broadwater	2090	$64,415	-6.39%	$60,302	$66,347	($6,045)	$2,852	$8,897
43113	Townsend	2077	$92,032	14.34%	$105,230	$94,793	$10,437	$2,834	($7,603)
44000	Wheatland	1063	$9,227	-19.39%	$7,438	$9,504	($2,066)	$1,450	$3,517
44056	Harlowton	1075	$23,904	6.37%	$25,426	$24,621	$805	$1,467	$662
44066	Judith Gap	138	$2,668	-0.05%	$2,667	$2,748	($81)	$188	$270
45000	Prairie	711	$575	-2.34%	$561	$592	($31)	$970	$1,001
45110	Terry	649	$12,780	-16.09%	$10,723	$13,163	($2,440)	$886	$3,326
46000	Granite	1417	$15,218	9.93%	$16,730	$15,675	$1,055	$1,933	$879
46035	Drummond	276	$11,244	49.44%	$16,803	$11,581	$5,222	$377	($4,845)
46087	Philipsburg	969	$25,201	-4.35%	$24,104	$25,957	($1,853)	$1,322	$3,176
47000	Meagher	812	$8,181	-3.51%	$7,894	$8,427	($533)	$1,108	$1,641
47121	White Sulphur Springs	965	$44,937	0.41%	$45,123	$46,285	($1,162)	$1,317	$2,479
48000	Liberty	1322	$1,413	49.54%	$2,113	$1,455	$658	$1,804	$1,146
48020	Chester	931	$17,661	-23.85%	$13,449	$18,191	($4,742)	$1,270	$6,012
49000	Park	7991	$116,183	-11.98%	$102,263	$119,668	($17,405)	$10,903	$28,308
49024	Clyde Park	365	$10,755	30.94%	$14,083	$11,078	$3,005	$498	($2,507)
49074	Livingston	7626	$326,495	1.82%	$332,424	$336,290	($3,866)	$10,405	$14,271
50000	Garfield	968	$2,139	184.78%	$6,091	$2,203	$3,888	$1,321	($2,567)
50065	Jordan	452	$7,450	-38.65%	$4,571	$7,674	($3,103)	$617	$3,720
51000	Jefferson	7236	$57,587	9.74%	$63,194	$59,314	$3,880	$9,873	$5,993
51011	Boulder	1689	$46,996	9.58%	$51,496	$48,406	$3,090	$2,304	($786)
51123	Whitehall	1442	$67,043	3.19%	$69,185	$69,055	$130	$1,967	$1,837
52000	Wibaux	527	$0		$0	$0	$0	$719	$719
52124	Wibaux	590	$45,282	18.68%	$53,739	$46,640	$7,098	$805	($6,293)
53000	Golden Valley	747	$2,305	2.31%	$2,359	$2,374	($16)	$1,019	$1,035

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53099	Rygate	302	$4,904	-33.84%	$3,244	$5,051	($1,807)	$412	$2,219
54000	Mineral	2413	$168,031	4.40%	$175,430	$173,072	$2,358	$3,292	$934
54001	Alberton	423	$25,363	48.90%	$37,765	$26,124	$11,641	$577	($11,064)
54109	Superior	1031	$83,812	3.08%	$86,392	$86,327	$66	$1,407	$1,341
55000	Petroleum	328	$0		$0	$0	$0	$448	$448
55126	Winnett	178	$1,892	-13.61%	$1,635	$1,949	($314)	$243	$557
56000	Lincoln	13495	$226,367	7.83%	$244,089	$233,158	$10,931	$18,413	$7,482
56040	Eureka	1105	$30,429	14.68%	$34,897	$31,342	$3,555	$1,508	($2,048)
56072	Libby	2948	$250,471	5.26%	$263,649	$257,985	$5,665	$4,022	($1,642)
56095	Rexford	147	$12,063	33.89%	$16,151	$12,425	$3,726	$201	($3,526)
56114	Troy	1124	$60,033	10.04%	$66,061	$61,834	$4,227	$1,534	($2,693)
	Totals	882779	$27,033,222		$29,048,689	$27,844,219	$1,204,470	$1,204,470	($0)

Prepared by Rich E. Miller, GIA

HOUSE OF REPRESENTATIVES

House Select COMMITTEE

ROLL CALL DATE Feb. 15th, 01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	✓		
Representative Whitsches	✓		
Representative Wanzenried	✓		
Representative Branae	✓		
Representative Mangan	✓		
Representative Esp	✓		
Representative Carney	✓		
Representative Peterson.	✓		

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on March 6, 2001 at 5:20 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Greg Petesch, Director of Legal Services for the Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB 124, 3/20/2001
Executive Action:

Rep. Story opened by saying he would like this select committee to be done by March 8th. He decided they would discuss the amendments of the Fish, Wildlife and Parks money, vehicle revenue and the new formula growth issue.

Rep. Mangan wondered if Alec Hanson's new growth proposal would include Chuck Swysgood's proposal or if they would need to be addressed separately.

Alec Hanson, League of Cities and Towns said they had put this proposal with the new proposal. He figured they could work with it, but would discuss it further on Thursday.

Rep. Wanzenried wanted to discuss the concepts of the bill. He did not think they had discussed exactly what the bill did beyond the details they talked about. He thought they should begin with a concept they could all agree with and build off that, rather then starting with a global concept and only working on the edges. He would like to look at the core of the bill and the growth issue.

Greg Petesch said HB12409.agp **EXHIBIT(lfh51a01)** took the Fish, Wildlife and Parks payment in lieu of tax. This meant it would remain the way things are right now with Fish, Wildlife and Parks making a payment to the local government for the land they own.

Rep. Esp moved the amendment and clarified that it would only remove the Fish, Wildlife and Parks and not the DNRC.

Rep. Mangan wondered what the background was.

Judy Paynter, Dept. of Revenue said they were talking about $300,000 a year and Fish, Wildlife and Parks had several funds with special qualifications on them. It got too difficult for them to trade out the money. When they would do the CARA bill from Washington, Fish, Wildlife and Parks would receive quite a bit more money to buy state land and the payments would correspond with that. The driving force with this was that if this money was moved so it would come out equally, it became very cumbersome.

Rep. Story simplified by saying it was like any time they tried to do anything with Fish, Wildlife and Parks funding they would not let you because it would remove some of their federal funding.

The amendment passed unanimously.

Gordon Morris, Director of Association of Counties, wanted DNRC and Taylor grazing fees to be removed form the bill.

Rep. Wanzenried moved that they amend to remove the Taylor grazing fees out of the bill.

Rep. Story told them they put the Taylor grazing revenue in because it only effected a few counties. The money goes to the state and then the state distributed it from there. It just seemed natural to continue doing it that way, so it was added to

the bill. The Taylor grazing revenue had not been a growing source of revenue, so they thought they would just take care of it in a reimbursement.

Rep. Wanzenried asked if the counties that were effected by this want them to collect the money and send it back as an entitlement share, or if that was just conceptually.

Gordon Morris said it was conceptually, but they also thought there might be some kind of growth.

The motion to leave Taylor grazing the way it was currently passed with one opposing vote.

Rep. Wanzenried moved the 2nd amendment to eliminate the DNRC pilt money as an entitlement share.

Rep. Waitschies wondered what the counties rational was here.

Gordon Morris said this pilt allocation goes to the counties with more then 6% state land and they received a very modest return from the state. They thought that with CARA this also could be an enhanced program more state efficient. They wanted to maintain what they had, rather then coming back later to ask for it again.

Rep. Wanzenried wondered if there were any other federal programs that this would cover.

Rep. Story said it was a state program. **Rep. Wanzenried** was concerned they would receive more federal money from CARA that would effect this share as well.

Gordon Morris said that could be the implications. The only federal money that was not in the bill, but was still a concern, was the Forest Reserve Receipt.

Rep. Waitschies wanted the rundown on the route the money took right now.

Rep. Story said this money was a statutory appropriation in the general fund. He thought the county took a risk whether they left the money in or took it out, because the legislation could decide they did not want to fund that appropriation. On the other hand, he thought the state took a risk by blending in to the general fund and in 6 years the counties could say they had a lot of state land that they were not getting any payment in lieu of taxes. The state could then create another pilt program. He went on to say it was best to keep it visible so the counties

would see it and know they would get payment in lieu of tax. They could then raise the appropriation or they could keep blending it in to the general fund. The only risk of this would be that it could come back because there was no pilt code.

Rep. Carney wanted to know if it would reduce their entitlement share if this was left out.

Rep. Story said it would reduce their entitlement share and they would lose the growth factor that had been applied.

Rep. Waitschies wondered if the counties had considered the loss of the growth factor.

Gordon Morris said they had indeed considered that, but were gambling that there would be a growth potential there, and they wanted to retain that option.

Rep. Peterson wanted to know why Rep. Story had voted against the previous amendment.

Rep. Story told him he had always thought it would be best to leave that one alone so it would be visible. That way, the state would know they were making a contribution to the local government. There would not be the money floating around, but would be worked in singly. He said it worked well in the bill and that was why it had been put in.

Judy Paynter clarified by saying they were talking about $560,000 a year that went out based on the mil levy. $303,600 was non-levy revenue in the school fund, and 25% goes back to the state on the 95 mil levy. When it is talked about how much money actually stays with the county, you are looking at $100,000, instead of the $560,000. The rest goes into the funding circle. This is why it is so complicated to track it all the way through, and this is why the committee decided to leave it in the bill. She then corrected herself by saying 40% would go to the county road fund, and the 60% that would go to the school fund would go to the county first and then given back to the school.

Rep. Wanzenried wondered if the money should be left in because it was such a small amount, or if the money should be taken out because it was such a small amount.

Judy Paynter said they do not have $560,000 that stays at the county government level. They were actually talking about the 40% She thought if a motion was made, it would make more sense to leave the school portion in.

There was a motion to take the state money out of the bill.

The motion failed on a 4-2 vote.

HB 012411, agp. Amendment **EXHIBIT(lfh51a02)** gave twenty-five cents from the vehicle registration back to the highway patrol supplemental retirement account.

Rep. Esp moved the amendment and it was passed unanimously.

HB 12414, agp. Amendment **EXHIBIT(lfh51a03)** was an accounting clarification for the fiscal year that would start in July. It made it so the Dept. can not include the financial institution tax reimbursement in the entitlement share for the local government of the school district, unless they include the revenue from that tax in the fiscal year 2000. This would prevent them from getting a double payment for that financial institutional licence tax.

Rep. Waitschies moved the amendment, which passed unanimously.

HB 012412, agp. Amendment **EXHIBIT(lfh51a04)** deducts from the entitlement share the amount calculated for state agencies, the district court reimbursement and the state assumption of public assistance. This amendment makes all the funding formulas of both sides of the bill work.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Rep. Mangan thought they should wait on this until they saw what happened with the discussion on the gambling and motor vehicle fees revenue.

Greg Petesch explained that the public assistance was contained in this bill, so that would work fine.

Rep. Story said gambling and motor vehicle fees were tied into this in a sense, but the reimbursement money may make it a trade off. It may not, but he wanted to go ahead and do this and take care of the problems later.

Rep. Mangan moved this amendment.

Gordon Morris needed clarification. He said this amendment talked about the deduction of the state payments for the district court reimbursement. He was not sure if that was correct, he thought the district court fees and expenditures would be deducted instead. He was not sure if reimbursement was the right language.

Judy Paynter said he was correct and there was a district court reimbursement program and 10% of the light vehicles. People would tend to think of this as that. It was the act of the fees they were taking in and that reimbursement program. She thought it needed some more work.

Rep. Mangan withdrew his motion.

HB 012413. agp **EXHIBIT(lfh51a05)** includes the two industrial tax increment financing (TIF) districts that are in the state and the list of TIFs that are entitled to an entitlement share payment.

Rep. Story said every time they did this, the big one was the ASMI in Butte. When they reduced the business equipment, they would need $600,000 a year to make their bonds work or they would have to raise their assessment fees. The last legislature had been able to find that money with two bills, but now these groups were asking for the permanent funding.

Rep. Wanzenried moved the amendment.

Rep. Story wondered where the money was coming from to pay for all this.

Judy Paynter explained that the money came because when the gaming revenue was changed, it also changed the accruals on the fiscal years. When fiscal year 2001 would end, the state would pick up this program, in fiscal year 2002 they would gain a quarter of the gaming revenue. They would get this amount in 60 days, while the local government would get it 90 days later. This would mean that it was the same amount of money, there was just a time difference.

Rep. Mangan mentioned that they would still be short 1.5 million at some time.

Judy Paynter said what happens past 2002 and 2003, because of a specific special session HB, $600,000 would be paid in 2004 and 2005, but no more after that. Once the current TIFs were done they would not have to make the entitlement payments to them.

Rep. Wanzenried wondered what would happen if they did not collect the gaming revenue. **Judy Paynter** told him they would not have the funding.

Rep. Story said if the gambling revenue fell out and this stayed in, this $2 million would come out of everyone else's pocket. **Judy Paynter** said there were other monies going in.

Rep. Wanzenried understood the need to put this in HB 124 to cover the two districts, because if they were left out, the gaming revenue was left out, the gaming revenue would be left out as well, and he wondered what would happen then.

Rep. Story said in the beginning, for the ASMI TIF all the property in that TIF is increment because there was nothing there when they built it. When the bonding program was set up, all that property paid for the bonds at a 6% assessment. When the rate was dropped from 6% to 3% the bonds and property were still there, but they just would not have to pay for the bonds like they normally would. They would be given $6,000 to help pay for the bond so they would not have to raise the assessment against the property. Under this amendment, they would pay half while the state paid the other half.

Judy Paynter explained to them the growth rate. **EXHIBIT(lfh51a06)** Part of it comes in terms of money because the growth rate had been changed. There was not enough money to fund the 3.2%. This chart shows how everything would be with a growth rate of 2.3%, and how the money was found to fund this amendment. **Rep. Story** mentioned that this would be a 6.9% gain for the state from the gaming revenue.

Rep. Carney asked that the gaming revenue accrual be explained.

Judy Paynter said there were accounting rules, and at the end of the year the money was due June 30th. For administrative purposes you would actually receive it late, but with in 60 days so you would accrue that as revenue in the fiscal year you were currently in. If this was gaming revenue to the state they would approve the June 30th payment as belonging in that fiscal year. If the money was received past the 60 days then that money could not be accrued as revenue. The counties would not receive that payment because the state takes about 60 days to get it and then more days are taken before the counties were paid. This would mean that when the money is received, it would be the 1st quarter of revenue for the year 2002, versus being recorded as revenue for 2001.

Rep. Story wondered how things worked in the out years. **Judy Paynter** explained that a couple of things would happen, but there were TIF savings that would not be going out so there would be some money then.

Rep. Wanzenried called for question.

The amendment passed unanimously.

Rep. Wanzenried asked about the streamling that would result in an efficiency total of $1.9 million and he wondered how that was possible.

Judy Paynter explained that when the local government committee looked at all the fees, they thought the majority of the fees come from motor vehicles could be anywhere from $13.50 to $23. They decided they would streamline this and everyone's vehicle fee would be $18. The motorcycles and trailers would range from $11.26 to $16.25, so they had streamlined that to $12. Doing this gave them a $1.4 million increase, which equaled a 4% change.

HB 012417, agp amendment **EXHIBIT(lfh51a07)** amended the permanent version of 15-10-420 which was the mil levy calculation and floating mil count. It allows the property contained in a TIF district, upon termination, to be treated as a newly taxable property. The existing mil levies could then be applied to the property under the TIF district.

Rep. Esp moved the amendment and it passed unanimously.

{Tape : 2; Side : A; Approx. Time Counter : 0}

HB 012417 agp. Amendment **EXHIBIT(lfh51a08)** clarified the fees on the livestock and hail insurance. It removes the references to the taxpayers from the statutes assessment where the assessment was never actually imposed because it would not be collected on the property tax statement any more.

Rep. Esp moved the amendment and it passed 5-1, with Rep. Wanzenried opposing.

Rep. Wanzenried wanted to talk about the increases being used to help fund the growth factor. He wondered if there were any other charts with a different rate on them.

Brad Simshaw, Dept. of Revenue EXHIBIT(lfh51a09) explained the differences between exhibit 6, with a growth rate of 2.3% and exhibit 9, with a growth rate of 3.2% He said all the numbers would stay the same except for th entitlements to cities and counties, which would flow down to the impact of the state. In the 2nd biennium, if they continued with a 3.1% growth rate, the number for the revenue would remain unchanged. The expense number and the differential would be larger. The TIFs were different in each chart because of the difference in the timing.

Rep. Wanzenried thought the people should know that the fees were being raised to make things even and help offset the cost of the growth factor.

Rep. Story wanted to know what the number would be in 2005 biennium.

Judy Paynter said $1.2 million would have to be added to the $408.9 million which would make the net be $2.9 million in the hole.

Rep. Esp wanted them to talk about the vehicles in and out, discussing the concept of taking the light vehicle fees out of the bill which would leave that at the county and city level. **EXHIBIT(lfh51a10)** He wondered why they should send any more money to the state then they had to. He thought it was a better idea to keep it at a county level. This plan would be simple because the would only diversify to themselves and the cities. This would be done on the basis of whether the vehicle was located in the city or the county and was based on flat fee referendum.

Rep. Wanzenried said the fees totaled $75 to $78 million and he wondered what accounted for the difference.

Brad Simshaw said the difference would come from the registration fee, the weed fee, and the junk vehicle fee. It would not include the fees from large trucks or motorcycles. This idea differed from the one in HB 124, because in HB 124 all the fees paid on all vehicles would go to the state. This idea means that the revenue from the light vehicles would remain at the local level.

Rep. Mangan asked if they were floating this idea around because it was more simple. He wondered why the committee had not looked at this before.

Rep. Story said the committee had looked at leaving the money at the county level, but they had run into some counties who have so much more vehicle money then they have reimbursement money. The counties, especially if they did not have a lot of business equipment, the vehicle then, would have more money in more funds. Either they would have more money at the local level and the state would be absorbing the additional expense, or they would have to send the state more money.

Rep. Esp said as they looked at the 2nd page, there were 6 counties that may have to send send money in, but he thought that would be fixable. He just wanted to know what the committee thought about it before pursuing it any farther.

Rep. Mangan said if those counties had to send money back, he thought it was the same as HB 124 was trying to do. At least under HB 124, 1 county sending money back would be like a reverse reimbursement to the state.

Rep. Story said the only local level of funding that county collected was motor vehicles, because the rest of the money was already at the state level and distributed from there. He asked for clarification on how to read the county chart.

Brad Simshaw took them to pages 28 and 29 in "Simplification in the 21st Century", where it shows the status of the counties and cities as in HB 124. The change of revenue flow under HB 124 was a negative $710,453. Looking at the handout with the new proposal, the fee generated and kept at the local level would be $62.733 million. He estimated that if the vehicle was in the city limits, all the fees would stay inside the city or town. If the car was outside the city limits it would go to the county government. This would mean the county would not be in the negative as much.

Rep. Esp said the other part of the this picture was to consider the flat fee. The cities and towns were worried about the growth in the vehicle revenue based on the growth factor. If they did it this way they would get the number of vehicles in the jurisdiction, but it would be on the flat fee. He did not think there would be much growth under the new law.

Rep. Story wondered how much work it would be on the county level to distribute the money based on what would go where.

Rep. Esp said if you lived within the city limits it would be easy based on the address.

Rep. Story asked if when the money was given to the county, were they required to distribute the money across the mils to the miscellaneous districts or if that was just going to stay in the general fund.

Brad Simshaw thought there was an amendment that would direct the commissioners to make those miscellaneous districts whole.

Rep. Story thought this proposal would send the money straight to the general fund.

Brad Simshaw said the money would remain at the local level.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Rep. Peterson said in the local government committee they had just approved a bill that would allow the creation os a library district. This creates another local government unit and a new entitlement district. He thought this would add to the questions and thought taking a part of the vehicle revenue would fragment things.

Rep. Esp said before they moved on, he wanted them to remember that the concept, to leave the vehicles fees at the city and county level and would allow them to have a growth, out of HB 124.

Rep. Story they could also just leave it like it is which spreads all the money across all the accounts. He wondered what would happen to the finance and how it would change the charts if they left the vehicle money in.

Judy Paynter it would simplify things because it would streamline things. She thought they would need to make everyone share in the entitlement share payments if it was to work.

Rep. Story asked where everyone in the committee stood on this, and thought if they wanted to make any changes they would have to start making analysis. He reminded them that everything takes time.

Rep. Wanzenried thought that was where they were hung up. There were building block in this bill which included having the reimbursement for the loss made by all the changes in the legislation. He thought they were caught in a tough position because they were supposed to work on this bill, but if they took any thing out, the bill did not work. He thought it would be easier to add things to make the bill work.

Rep. Story asked him what he would start with.

Rep. Wanzenried said he would start with the basic tenant that they have to have a mechanism in place for the distribution of $108 million and from there see if doing any of these proposals made sense. He pointed out that $62 million was kept at the local level so he wondered why they should bring the other $13 million to the state level as a part of HB 124. He also wondered if there should be a growth factor in that reimbursement. He figured that the local government had already lost more then they would get from reimbursement and would never be held whole. He thought they were stuck because they could not take gaming or motor vehicle fees out because the entitlement share would not work. He hoped they could find a plan that would reimburse local government now and add the other stuff on later.

Rep. Story said that was how they were 2 years ago, trying to work out a system that would make the reimbursement more of a long term, ongoing thing.

Rep. Wanzenried did not think HB 124 was making things any simpler. The charts say yes, but if they still were not satisfied with the growth rate there would still be arguments.

Rep. Waitschies thought they should just go with what was there, and they could fine tune it along the way. If the people did not like it they could vote it down, but at least it was an attempt to streamline things.

Rep. Peterson wanted to know where the growth was coming from.

John Laughton, City Manager of Great Falls, explained that they tried to do a revenue swab that would make them better off in the long run. They had 3 reimbursement bills that they were currently operating under and the assumption was that the reimbursement bills were at risk. Vehicle revenue was a political target that was growing in the west and the gambling varies, so they tried to come up with a package that would hold them harmless where they were today to give them growth, not to reimburse from previous laws.

Rep. Mangan thought, from reading the general part of the bill, that the school district revenue was not a part of the growth factor, but in the handout that Judy Paynter gave, there was an additional revenue for the schools and he wondered where that came from.

Rep. Story said that the additional revenue would under the current system phase out for the schools. During the 4 years covered by HB 124, the money was supposed to go back through a formula that is already being used.

Bob Vogal, Montana School Board Association, basic concern was that the sunset was going to take place. He was having a hard time trying to reconcile where this part of school funding fit into the overall general fund. The study had not been funded yet, so it probably would not happen. He thought this piece needed to be fixed 1st. He wanted the school to treated the same as local government.

Greg Petesch explained Rep. Mangan's amendment, HB012408.agp. **EXHIBIT(lfh51a11)**

{Tape : 3; Side : A; Approx. Time Counter : 0}

The 1st part of the amendment was a proration of the amount of the block grant in the event that the appropriation was insufficient for the 2nd year of the biennium. This amendment had been worked out by Madalyn Quinlan.

The 2nd part requires that the appropriations contained in this bill for schools, for block grants, county wide reimbursements, retirement and transportation included in the present law base for the next session of the legislation so that money appropriation would automatically be included in the base for the next session. The sunset was going to happen, but by including it in the base would eliminate it being treated as a new appropriation.

Rep. Mangan moved the amendments.

Rep. Story wanted to know how the 1st amendment was supposed to work.

Greg Petesch said that on an earlier set of amendment they had made the appropriations biennium for the school. This provides that if the biennial appropriation was not enough to fund the full block amount for school districts in the 2nd year. OPI would have to prorate that 2nd year, so they can not run over. The school district would have to anticipate the propated block grant amount through OPI system for fiscal year 2003.

Rep. Story said allowed them to levy to get it back, but they would have to count it so it would not be extra money.

Chuck Swysgood, Office of Budget and Planning, asked that the committee hold off til the next day so he would be able to address his concerns with the 2nd part of the amendment and where it would go into the base.

Rep. Waitschies moved to segregate amendment.

Rep. Mangan moved amendment 1, which passed unanimously.

Rep. Mangan requested that they wait until the next meeting, for amendment 2 because he thought there was still a sunset problem.

Sen. Elliot, SD 36 said Trout Creek's concern was the decrease in the money because then each year there would be another decrease.

They discussed the amendments that would be heard the next meeting.

Rep. Mangan had one for the school. **Greg Petesch** had one to decide which level the growth factor would stay at. **Rep. Wanzenried** thought he would have amendments concerning the growth factor, whether gaming, motor vehicle, spirits and wine, should be in or out of the bill, and whether to increase the fees to the current level. He wanted to know where they would be if all these amendments failed and the bill failed on the floor.

Rep. Story said if this bill went down the local government would want a reimbursement bill to reimburse for the business equipment. He thought they would also work on conceptual amendments.

Rep. Mangan decided to ask the government and budget offices to have an amendment prepared to show how the finance would be.

Rep. Wanzenried wanted to know what Chuck Swysgood thought of the motor vehicle fees, and did not want them to oppose the bill, when it was all done, because of the increase.

Chuck Swysgood said he had not come to a decision. It did concern him that the committee had not acted on anything yet, because then the budget office could not do anything either. His main concerns were the growth rate, school funding, and the fact that the state was at exposure level of the revenue loss. **Rep. Story** asked if that had to do with the possible loss revenue they were bringing in. **Chuck Swysgood** agreed.

Rep. Wanzenried wanted to know what system would be used to count and distribute these monies when the quarterly basis started.

Judy Paynter said it would be put into the RM counting system, and would not be much additional cost because it takes about 6 hours a month to do.

ADJOURNMENT

Adjournment: 7:50 P.M.

REP. BOB STORY, Chairman

JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(lfh51aad)

EXHIBIT 1
DATE March 6th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee

Prepared by Gregory Petesch **(FWP pilt)**
February 20, 2001 (12:40PM)

1. Title, page 2, line 26.
Following: "80-2-223,"
Insert: "AND"
Strike: "87-1-603, AND 87-1-604,"

2. Page 188, line 20.
Following: "80-2-223,"
Insert: "and"

3. Page 188, line 21.
Strike: "87-1-603, and 87-1-604,"

4. Page 3, line 5.
Insert: "Technical note: amend #12 HB012401.agp to remove (r)"

- END -

EXHIBIT 2
DATE March 6th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(highway patrol supplemental benefits)**

Prepared by Gregory Petesch
March 3, 2001 (9:03AM)

1. Page 5, line 1 through line 26.
Insert: "(3)(f) 25 cents for each motor vehicle, other than trailers or semitrailers registered in other jurisdictions and registered through a proportional registration agreement, to the supplemental benefits for highway patrol officers' retirement account provided for in 19-6-709;"

- END -

EXHIBIT 3
DATE March 6th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(clarify financial institution tax reimbursement)**

Prepared by Gregory Petesch
March 3, 2001 (9:40AM)

1. Page 3, line 21.
Following: "."
Insert: "For the fiscal year beginning July 1, 2001, the department may not include a financial institution tax reimbursement in the entitlement share for a local government or school district unless the local government or school district accrued the revenue from that tax in fiscal year 2000."

- END -

EXHIBIT 4
DATE March 6th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(deduct court funding and public assistance from entitlement share)**

Prepared by Gregory Petesch
March 3, 2001 (9:08AM)

1. Page 3, line 6.
Following: line 5
Insert: "(2) The department shall deduct from the amount calculated pursuant to subsection (1), the state payments for district court reimbursements and the state costs for the assumption of public assistance."
Renumber: subsequent subsections

- END -

EXHIBIT 5
DATE March 6th 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(industrial TIF reimbursement)**

Prepared by Gregory Petesch
March 6, 2001 (6:08AM)

1. Page 4, line 11.
Following: line 10
Insert: "Missoula County Airport Industrial 4,812"

2. Page 4, line 13.
Following: line 12
Insert: "Silver Bow Ramsey Industrial 1,195,188"

- END -

EXHIBIT 6a
DATE March 6th, 01
HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Change in Vehicle Registration Fees	1,460,131	1,482,033	1,504,264	1,526,828
Gaming Revenue	28,083,142	31,827,971	33,164,746	34,557,665
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	8,397,202	8,397,202	8,397,202	8,397,202
Federal Payments	116,782	116,782	116,782	116,782
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,386,347	2,386,347	2,386,347	2,386,347
Total Revenue Impacts	**208,028,697**	**203,520,933**	**203,570,404**	**203,697,233**

State G.F. Expenditure Impact - Entitlement Growth Rate of 2.3%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,430,216)	(36,245,111)	(37,078,748)	(37,931,559)
Cities	(45,220,212)	(46,260,277)	(47,324,263)	(48,412,722)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(1,200,000)	(1,200,000)	(600,000)	(600,000)
Schools K-12 replacement of revenue	(64,939,001)	(64,303,917)	(63,675,362)	(63,053,435)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement	(10,535,212)	(7,924,885)	(5,314,558)	(2,704,231)
County Transportation	(2,275,777)	(2,251,385)	(2,226,993)	(2,202,601)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
HB138 amended	0	(28,446)	(29,299)	(30,178)
HB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(202,554,149)**	**(202,214,232)**	**(202,260,513)**	**(202,980,011)**

Impact to State

Category	2003 Biennium	2005 Biennium
Revenue	411,549,630	407,267,637
Expenses	(404,768,381)	(405,240,524)
Net Change	**6,781,249**	**2,027,113**

W:\USR\Legislative\01Session\Bills\HB0124\Miscellaneous\[feb 28 tables.xls]expend. to state

March 2, 2001

EXHIBIT 7
DATE March 6th 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(TIF ending)**

Prepared by Gregory Petesch
March 6, 2001 (6:03AM)

1. Page 73, line 19.
Strike: "and"

2. Page 73, line 22.
Following: "~~improvements~~"
Insert: "; and
(f) the dissolution or termination of a tax increment financing district"

3. Page 73, lines 20 through 25.
Following: "(4)" on line 23
Strike: remainder of line 23 through "(b)" on line 25

- END -

EXHIBIT 8
DATE March 6th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(clarify fees on livestock and hail insurance)**

Prepared by Gregory Petesch
March 3, 2001 (10:28AM)

1. Title, page 2, line 5.
Following: "15-16-117,"
Insert: "15-24-303, 15-24-902, 15-24-904,"

2. Title, page 2, line 17.
Following: line 16
Insert: "80-2-206,"

3. Title, page 2, line 18.
Following: "80-2-230,"
Insert: "80-2-231,"

4. Title, page 2, line 19.
Following: "81-6-210,"
Insert: "81-7-104, 81-7-113, 81-7-114,"

5. Page 75, line 7.
Insert: "Section 121. Section 15-24-303, MCA, is amended to read:

"15-24-303. (Temporary) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock assessed under 15-24-902(2).

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613.

15-24-303. (Effective January 1, 2003) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to

the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock subject to the per capita ~~levy~~ fee under 15-24-921.

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613." {*Internal References to 15-24-303:*
15-16-613x *15-16-613x* *15-24-304x* }"

Insert: "Section 122. Section 15-24-902, MCA, is amended to read:

"15-24-902. (Temporary) Assessment of livestock -- election for assessment on average inventory basis. (1) Except as provided in subsection (2), the department of revenue shall assess all nonexempt livestock in each county where they are located on February 1 of each year. The livestock must be assessed to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.

(2) An owner of livestock may elect to have nonexempt livestock assessed on the average inventory basis as provided in 15-24-927. The owner shall file an election with the department on the statement required under 15-24-903. An owner of livestock making an election to have nonexempt livestock assessed on the average inventory basis is bound by that election for 6 years. After 6 years, the election to have nonexempt livestock assessed on the average inventory basis remains in effect unless the owner otherwise notifies the department before February 1.

15-24-902. (Effective January 1, 2003) ~~Assessment~~ Number of livestock. The department shall ~~assess~~ determine the number of livestock for the purposes of the per capita ~~levy~~ fee imposed under 15-24-921 in each county where they are located on February 1 of each year. The livestock must be ~~assessed~~ assigned to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year." {*Internal References to 15-24-902:*
15-6-207x *15-24-303x* *15-24-920x* }"

Insert: "Section 123. Section 15-24-904, MCA, is amended to read:

"15-24-904. (Temporary) Penalty for violation of law. If any person, company, or corporation who is the owner or is in charge of any livestock within this state fails to make the statement or statements as provided in 15-24-903, the department shall, after 10 days' notice to the person who failed to file the report, assess the penalty provided in 15-8-309.

15-24-904. (Effective January 1, 2003) Penalty for violation of law. If a person, company, or corporation who is the owner or is in charge of livestock within this state fails to make the statement or statements as provided in 15-24-903, the

department shall, after 10 days' notice to the person who failed to file the report, access the penalty provided in 15-8-309 ~~[on the]~~ on the per capita ~~levy~~ fee, as provided in 15-24-921."
{*Internal References to 15-24-904: None.*}"
Renumber: subsequent sections

6. Page 168, line 1.
Insert: "Section 227. Section 80-2-206, MCA, is amended to read:
"80-2-206. Cash payment. When an applicant for hail insurance tenders cash for the insurance to the department of revenue, the applicant is allowed a discount of 4%. The hail insurance must be issued upon the cash payment less the 4%. The charge for the insurance must be based on the maximum rates shown on the application for hail insurance. If the current rates are reduced later, the board of hail insurance shall arrange for the proper refund to the insured. All cash received by the department of revenue must be ~~promptly turned over to the county treasurer, who shall furnish the insured with a current receipt and place the money in the hail insurance fund~~ deposited with the state treasurer."
{*Internal References to 80-2-206: None.*}"
Renumber: subsequent sections

7. Page 172, line 24.
Insert: "Section 237. Section 80-2-231, MCA, is amended to read:
"80-2-231. Foreclosure of lien. If the person receiving hail insurance secured by a crop lien fails to pay ~~said~~ the fee for insurance to the ~~county treasurer~~ department of revenue by December 1 of the year in which the crop ~~so insured~~ is grown, the ~~county treasurer~~ department shall on that day or as soon as possible ~~thereafter~~ after that day deliver to the sheriff of ~~said~~ the county a full, true, and correct copy of the lien on file in the office of the clerk and recorder and ~~such~~ the sheriff must immediately demand from the person or persons signing ~~such~~ the lien payment of the amount due. ~~thereon and, if the same~~ If the fee is not paid to the sheriff upon ~~such~~ demand being made, the sheriff ~~must forthwith~~ shall seize and sell in the manner provided by law for the sale of personal property under execution a sufficient amount of grain belonging to ~~such~~ the person to pay the amount due for hail insurance together with interest and costs and expenses of seizure and sale."
{*Internal References to 80-2-231:*
80-2-226 x}"
Renumber: subsequent sections

8. Page 179, line 11.

Insert: "Section 250. Section 81-7-104, MCA, is amended to read:

"81-7-104. (Temporary) Predator control moneys -- use of proceeds. (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the purpose of protecting livestock in the state against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money ~~shall~~ must be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control ~~by means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control ~~shall~~ must be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory wild animals, as determined by the department and its advisory committee. ~~No claims~~ Claims may not be approved in excess of ~~moneys~~ money available for ~~such purposes~~ that purpose, and ~~no~~ warrants may not be registered against the ~~moneys~~ money.

81-7-104. (Effective on occurrence of contingency) Predator control money -- use of proceeds. (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the purpose of protecting livestock in the state against destruction, depredation, and injury by predatory animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money must be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control by ~~means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control must be available for the payment of bounty claims and for expenditures for planned, seasonal, or

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other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory animals, as determined by the department and its advisory committee. Claims may not be approved in excess of money available for ~~those purposes~~ that purpose, and warrants may not be registered against the money." {*Internal References to 81-7-104:*
*15-24-302 15-24-921 81-7-103 81-7-105**}"

Insert: "Section 251. Section 81-7-113, MCA, is amended to read:

"81-7-113. Claim for bounty. (1) A sheriff, undersheriff, and deputy sheriff, to prevent fraud, shall carefully examine each skin presented. If the examination discloses that the scalp and ears with the skin from the entire head of the animal have not been severed, punched, patched, or marked, ~~he~~ The officer shall, in the presence of the person presenting the skin, mark the skin by severing the skin from the head, including the ears, and then redeliver the skin to the person presenting it. ~~and~~ The officer shall require an affidavit from the claimant that the claimant killed the animal. The affidavit ~~shall~~ must be on forms prescribed by the department and contain information the department requires.

(2) The officer shall require affidavits from two ~~resident taxpayers~~ residents residing in the vicinity in which the animal was killed, setting forth that they are ~~resident taxpayers~~ residents paying fees on livestock, giving their post-office addresses, and stating that they are personally acquainted with the person presenting the skin and, to their knowledge, the person did kill the animal from which the skin was taken within 30 days preceding the offering of the skin for a bounty to the sheriff, undersheriff, or deputy sheriff to which it is presented. ~~A taxpayer~~ An individual who makes a false certificate or affidavit under this section in a material portion is guilty of a felony, punishable the same as for the crime of perjury." {*Internal References to 81-7-113:*
*81-7-111*x 81-7-114x 81-7-114*x 81-7-114x*
*81-7-118*x 81-7-118*x 81-7-120*x 81-7-120*x*
*81-7-121*x 81-7-122*x*}"

Insert: "Section 252. Section 81-7-114, MCA, is amended to read:

"81-7-114. Certificate and record of sheriff. (1) Upon receiving the affidavit required pursuant to 81-7-113, the officer shall deliver to the person claiming a bounty a certificate addressed to the county clerk of the officer's county and immediately deliver to the county clerk a duplicate of the certificate, showing the date, number, and kind of skins marked for severing and the name of the person presenting the skins. The certificate must also recite that the filing of the affidavits ~~of taxpayers~~ required by 81-7-113 has been done and the examination of the skins has been made as required. The certificate must be

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signed by the officer in the officer's official capacity. ~~When a doubt exists as to the kind of skin presented, whether wolf or coyote, the certificate must be issued for the lesser bounty.~~ Each sheriff shall keep a record of all skins marked and severed, showing the date, number, and kinds and the names of the persons presenting the skins. This record is an official record. The sheriff, undersheriff, or deputy sheriff may not perform any duties under 81-7-111 through 81-7-118 and 81-7-120 through 81-7-122 except at the county seat.

(2) The sheriff shall, not later than the 15th of each month, give to the county clerk and recorder a report setting forth the names of the persons presenting skins, with the number of the certificate and the kind and number of the skins presented. The sheriff shall report for each certificate issued during the month."

{*Internal References to 81-7-114:*
*81-7-111*x* *81-7-114* x* *81-7-118*x* *81-7-118*x*
81-7-120 x* *81-7-120*x* *81-7-121*x* *81-7-122*x*}"

Renumber: subsequent sections

- END -

EXHIBIT 9
DATE March 6th, 01
HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Change in Vehicle Registration Fees	1,460,131	1,482,033	1,504,264	1,526,828
Gaming Revenue	28,083,142	31,627,971	33,164,746	34,557,665
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	8,397,202	8,397,202	8,397,202	8,397,202
Federal Payments	116,782	116,782	116,782	116,782
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,386,347	2,386,347	2,386,347	2,386,347
Total Revenue Impacts	**208,028,697**	**203,520,933**	**203,570,404**	**203,697,233**

State G.F. Expenditure Impact - Entitlement Growth Rates of 3.2%, 3.1%, 3.1%, and 3.1%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,741,919)	(36,849,918)	(37,992,265)	(39,170,026)
Cities	(45,618,044)	(47,032,203)	(48,490,202)	(49,993,398)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (dissolution of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(1,200,000)	(1,200,000)	0	0
Schools K-12 replacement of reveunue	(64,939,001)	(64,303,917)	(63,675,362)	(63,053,435)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement	(10,535,212)	(7,924,885)	(5,314,558)	(2,704,231)
County Transportation	(2,275,777)	(2,251,385)	(2,226,993)	(2,202,601)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
HB138 amendmended	0	(28,446)	(29,299)	(30,178)
HB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(203,263,684)**	**(203,590,965)**	**(203,739,968)**	**(205,199,154)**

Impact to State

Category	2003 Biennium	2005 Biennium
Revenue	411,549,630	407,267,637
Expenses	(406,854,649)	(408,939,122)
Net Change	**4,694,981**	**(1,671,485)**

W:\USR\Legislative\01Session\Bills\HB0124\Miscellaneous\[feb 28 tables.xls]expend. to state

EXHIBIT 10
DATE March 6th, 01
HB 124

HB124 Proposal
All Flat Fee Revenue Paid on Light Vehicles Remains at the Local Level
Distributed Based on Situs
(If in city, city gets revenue. If not in city then county gets revenue.)

Estimated Fees Paid Current Law Distribution (Est. FY2001)		
New Use Tax (Fees Paid on New Light Vehicles)		7,809,521
District Court Light Vehicle Fees		6,213,877
Light Vehicl Fees Distributed to Local Governments		
County	12,223,880	
Road	1,207,361	
Tran	670,461	
Ret	4,289,621	
Schools	23,231,572	
Cities/Towns	7,087,599	
Subtotal		48,710,493
TOTAL		62,733,891

Estimated Revenues if Total Fees Distributed to Counties And Cities/Towns Based on Situs		
County	29,831,098	
Road	0	
Tran	0	
Ret	0	
Schools	0	
Cities/Towns	32,902,793	
Total		62,733,891

Change in Light Vehicle Flat Fee Revenue

	Current Law	Proposal	Change
County	12,223,880	29,831,098	17,607,217
Road	1,207,361	0	(1,207,361)
Tran	670,461	0	(670,461)
Ret	4,289,621	0	(4,289,621)
Schools	23,231,572	0	(23,231,572)
Cities/Towns	7,087,599	32,902,793	25,815,195
Total	48,710,493	62,733,891	14,023,398

Vehicle Flat Fees to
County Government (Excluding TIF's) - FY2001

County Name	County Government	County Road Fund	Total County Government	County Transportation	County Retirement	Total County Impact	County Schools
Beaverhead	(72,350)	(71,761)	(144,111)	(35,598)	(162,696)	(342,405)	(858,598)
Big Horn	54,062	(105,454)	(51,392)	(59,971)	(171,430)	(282,793)	(715,811)
Blaine	124,571	(63,998)	60,573	(14,579)	(116,777)	(70,784)	(422,835)
Broadwater	(229,760)	(32,078)	(261,838)	(17,390)	(106,681)	(385,909)	(366,274)
Carbon	102,086	(80,162)	21,924	(28,800)	(144,355)	(151,231)	(683,821)
Carter	(51,304)	(28,026)	(79,330)	(9,984)	(19,433)	(108,747)	(124,776)
Cascade	1,173,783	(82,103)	1,091,680	(94,250)	(606,185)	391,244	(3,264,548)
Chouteau	(239,747)	(140,607)	(380,353)	(38,605)	(142,695)	(561,653)	(725,115)
Custer	(224,256)	(37,243)	(261,499)	(9,925)	(125,912)	(397,336)	(750,718)
Daniels	(109,896)	(112,599)	(222,496)	(26,498)	(54,691)	(303,684)	(433,050)
Dawson	(464,487)	(88,923)	(553,411)	(28,737)	(156,718)	(738,866)	(775,555)
Deer Lodge	(507,577)	(875)	(508,452)	(15,750)	(61,565)	(585,766)	(409,878)
Fallon	(53,299)	(32,679)	(85,978)	(49,832)	0	(135,810)	(305,772)
Fergus	60,596	(99,679)	(39,083)	(71,072)	(260,403)	(370,558)	(1,075,819)
Flathead	1,409,340	(325,578)	1,083,762	(100,202)	(947,711)	35,850	(4,531,680)
Gallatin	226,637	(180,778)	45,860	(93,938)	(639,659)	(687,738)	(4,182,437)
Garfield	(79,485)	(35,778)	(115,264)	(21,304)	(32,064)	(168,632)	(109,850)
Glacier	(55,836)	(127,215)	(183,051)	(44,318)	(146,568)	(373,938)	(808,531)
Golden Valley	(6,262)	(15,371)	(21,634)	(4,901)	(21,718)	(48,253)	(120,799)
Granite	(114,851)	(33,891)	(148,742)	(8,987)	(69,789)	(227,517)	(277,291)
Hill	(52,669)	(154,889)	(207,558)	(58,199)	(272,883)	(538,640)	(1,321,065)
Jefferson	(134,459)	(64,996)	(199,455)	(49,438)	(244,482)	(493,375)	(1,073,819)
Judith Basin	(59,262)	(60,029)	(119,291)	(22,102)	(33,568)	(174,961)	(289,716)
Lake	702,191	(86,084)	616,107	(75,276)	(335,796)	205,035	(1,109,556)
Lewis And Clark	1,166,860	(125,157)	1,041,703	(63,614)	(584,248)	393,841	(3,523,108)
Liberty	(144,723)	(40,361)	(185,084)	(18,526)	(45,832)	(249,442)	(331,489)
Lincoln	445,633	(1,411)	444,223	(65,899)	(227,416)	150,908	(1,459,326)
Madison	16,090	(56,373)	(40,283)	(26,223)	(114,764)	(181,271)	(696,112)
Mccone	(142,875)	(49,807)	(192,682)	(19,957)	(52,373)	(265,012)	(236,829)
Meagher	(69,452)	(23,170)	(92,621)	(6,187)	(25,572)	(124,380)	(167,050)
Mineral	(123,467)	(470)	(123,937)	(9,337)	(42,249)	(175,523)	(370,921)
Missoula	184,988	(282,363)	(97,375)	(117,454)	(1,104,028)	(1,318,857)	(5,977,051)
Musselshell	106,790	(52,887)	53,903	(17,890)	(64,861)	(28,848)	(212,408)
Park	230,508	(55,634)	174,874	(34,811)	(254,996)	(114,933)	(1,057,576)
Petroleum	(6,509)	(15,098)	(21,607)	(10,855)	(19,924)	(52,387)	(100,265)
Phillips	24,376	(77,514)	(53,137)	(40,655)	(139,809)	(233,601)	(797,210)
Pondera	(196,015)	(68,721)	(264,736)	(28,581)	(165,955)	(459,273)	(616,584)
Powder River	(160,502)	(96,940)	(257,442)	(27,324)	(52,685)	(337,451)	(219,947)
Powell	27,293	(39,099)	(11,806)	(19,178)	(106,826)	(137,810)	(481,638)
Prairie	(88,479)	(22,912)	(111,391)	(11,874)	(35,260)	(158,524)	(151,839)
Ravalli	1,055,485	(140,018)	915,467	(67,779)	(271,358)	576,330	(1,646,235)
Richland	(63,738)	(119,731)	(183,469)	(61,206)	(172,391)	(417,066)	(976,320)
Roosevelt	(18,009)	(61,277)	(79,287)	(34,203)	(190,213)	(303,703)	(634,978)
Rosebud	(1,872,638)	(191,018)	(2,063,656)	(100,190)	(667,083)	(2,830,929)	(2,384,960)
Sanders	(337,324)	(125,316)	(462,641)	(74,524)	(335,406)	(872,571)	(1,359,593)
Sheridan	(220,972)	(83,850)	(304,822)	(39,160)	(91,596)	(435,578)	(532,523)
Silver Bow	(289,187)	(126,329)	(415,515)	(24,227)	(429,126)	(868,868)	(2,310,543)
Stillwater	(7,631)	(126,964)	(134,595)	(30,539)	(182,671)	(347,805)	(813,286)
Sweet Grass	(63,851)	(33,253)	(97,104)	(17,109)	(83,898)	(198,111)	(350,365)
Teton	(95,683)	(76,104)	(171,786)	(36,197)	(130,778)	(338,761)	(652,842)
Toole	(272,666)	(108,479)	(381,146)	(23,561)	(139,181)	(543,887)	(746,632)
Treasure	(79,308)	(19,489)	(98,797)	(6,919)	(23,636)	(129,353)	(118,454)
Valley	126,601	(87,566)	39,034	(35,430)	(151,934)	(148,330)	(795,467)
Wheatland	(63,093)	(21,834)	(84,927)	(11,107)	(39,488)	(135,521)	(237,748)
Wibaux	(120,012)	(83,081)	(203,093)	(9,925)	(23,697)	(236,715)	(108,186)
Yellowstone	(168,063)	(426,400)	(594,463)	(190,420)	(2,127,421)	(2,912,304)	(9,720,506)
TOTALS:	178,194	(4,899,423)	(4,721,229)	(2,260,517)	(12,970,454)	(19,952,200)	(64,525,306)

I:\TPR - NEW\Committees\Local Government Funding & Structure\October meeting\HB540adjustments\HB540 Detail and Summary Spreadsheets\[summary sheets impacts4.xls]county impacts

Vehicle Flat Fees to Cities and Towns (Excluding TIF's) - FY2001

City Name	Net Impact	City Name	Net Impact	City Name	Net Impact
Alberton	(9,694)	Flaxville	2,179	Opheim	(483)
Anaconda	221,189	Forsyth	(202,620)	Outlook	5,649
Bainville	(29,650)	Fort Benton	24,301	Phillipsburg	5,555
Baker	(51,108)	Fort Peck	8,541	Pinesdale	44,039
Bearcreek	1,481	Froid	(5,050)	Plains	(90,790)
Belgrade	9,930	Fromberg	12,752	Plentywood	9,726
Belt	(23,185)	Geraldine	10,657	Plevna	5,216
Big Sandy	9,972	Glasgow	(50,423)	Polson	(162,191)
Big Timber	21,766	Glendive	(117,070)	Poplar	(47,683)
Billings	(1,671,735)	Grass Range	3,448	Red Lodge	(69,602)
Boulder	19,035	Great Falls	(1,492,363)	Rexford	(2,694)
Bozeman	(297,188)	Hamilton	(426,982)	Richey	8,814
Bridger	(58,786)	Hardin	(287,266)	Ronan	(131,669)
Broadus	1,560	Harlem	(59,751)	Roundup	(30,697)
Broadview	3,729	Harlowton	(14,315)	Ryegate	4,736
Brockton	9,077	Havre	(288,041)	Saco	4,679
Browning	10,767	Helena	(604,652)	Scobey	19,517
Butte	(65,285)	Hingham	4,654	Shelby	(124,923)
Cascade	(3,688)	Hobson	(1,861)	Sheridan	33,909
Chester	134	Hot Springs	443	Sidney	(87,597)
Chinook	(78,034)	Hysham	(24,180)	Stanford	10,340
Choteau	31,233	Ismay	824	Stevensville	12,877
Circle	7,072	Joliet	23,320	St. Ignatius	11,790
Clyde Park	8,330	Jordan	8,721	Sunburst	6,834
COLSTRIP	(582,615)	Judith Gap	2,554	Superior	(64,826)
Columbia Falls	(188,429)	Kalispell	(730,724)	Terry	(6,359)
Columbus	(126,500)	Kevin	(400)	Thompson Falls	(133,156)
Conrad	(49,567)	Laurel	(109,176)	Three Forks	31,488
Culbertson	(33,899)	Lavina	8,295	Townsend	(14,430)
Cut Bank	(252,323)	Lewistown	(30,142)	Troy	(54,001)
Darby	(4,139)	Libby	(232,682)	Twin Bridges	19,017
Deer Lodge	(65,443)	Lima	3,168	Valier	10,721
Denton	3,121	Livingston	(234,908)	Virginia City	(4,255)
Dillon	(17,524)	Lodge Grass	4,865	Walkerville	23,230
Dodson	(326)	Malta	(26,016)	West Yellowstone	(65,874)
Drummond	604	Manhattan	37,470	Westby	(4,924)
Dutton	(1,106)	Medicine Lake	2,667	White Sulphur	(36,343)
East Helena	(224,017)	Melstone	5,698	Whitefish	(74,188)
Ekalaka	(9,456)	Miles City	(254,563)	Whitehall	(10,080)
Ennis	23,670	Missoula	(1,407,452)	Wibaux	(25,089)
Eureka	(6,500)	Moore	6,172	Winifred	4,676
Fairfield	154	Nashua	2,638	Winnet	6,192
Fairview	(23,362)	Neihart	206	Wolf Point	(98,167)

Net Imapct (10,978,809)

I:\TPR - NEW\Committees\Local Government Funding & Structure\October meeting\HB540adjustments\ (continued on next line)
\HB540 Detail and Summary Spreadsheets\[summary sheets impacts4.xls]city impacts

EXHIBIT 11
DATE March 6th 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Jeff Mangan

For the House Local Government Committee

Prepared by Gregory Petesch
February 15, 2001 (6:29PM)

1. Page 184, lines 11 and 12.
Following: "source." on line 11
Strike: remainder of line 11 through "." on line 12
Insert: "If the biennial appropriation provided in [section 245(1)] is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts must anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003."

2. Page 188, line 15.
Insert: "NEW SECTION. **Section 246. Inclusion of appropriations in base budget.** The governor shall include the sum of the appropriations in [section 245] in the present law base budget prepared for the 58th legislative session."
Renumber: subsequent sections

- END -

HOUSE OF REPRESENTATIVES

House Local Gov't Comm. COMMITTEE

ROLL CALL DATE 3/6/01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	X		
Representative Whitsches	X		
Representative Wanzenried	X		
Representative Branae	X		
Representative Mangan	X		
Representative Esp	X		
Representative Carney	X		
Representative Peterson.	X		

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

House Select Sub. COMMITTEE DATE March 6, 01

BILL NO. 124 SPONSOR(S) Bob Story

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Anita M. Lundahl	ABATE of Helena		X
Dennis M. Taylor	City of Billings	X	
Chuck Tooley	Mayor of Billings	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HR:1993
wp:vissbcom.man
CS-14

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on March 8, 2001 at 5:10 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:
Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: Rep. Eileen Carney (D)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Greg Petesch, Director of the Legal Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted:
Executive Action:

HEARING ON HB 124

Rep. Story opened by stating that this would be the last meeting, so they needed to get everything accomplished tonight.

Alec Hanson, League of Cities and Towns said they had a meeting today about HB 124 and had reached an agreement.

John Laughton, City Manager of Great Falls explained the areas of agreement. They would like to see the gambling, motor vehicle, financial institute and alcohol left in the bill. They wanted to see the growth factor calculated at 70% of the 4 year average which would give them 3% for those 4 years. They were okay with the adjusting of the formula to produce the growth factor to 2.3%. Their objection to the distribution of the growth portion was that they would not receive the benefits of the growth, so they recommended a compromise. They thought the growth should be distributed on 50% based on population and 50% added to the base year allocation, rather then the whole 100% to the base year allocation. They supported the amendment to take care of the tax increment districts for reimbursement and the amendment that the bill would take care of the evaluation of the expired tax increment districts the same as the taxable property.

Rep. Mangan said he had sat in on the education meeting and found they still had the concerns of the termination date and the growth.

Bob Vogal, Montana School Association mentioned that no agreement had been reached, but they had agreed with Rep. Mangan's amendment, especially in regards to the sunset date.

They then went over the various amendments.

Amendment 1 **EXHIBIT(lfh53a01)** would put the vehicle fees back to what they are currently.

Rep. Wanzenried moved the amendment.

Rep. Peterson wondered if the motorcycle fees were included.

Rep. Story told him they were.

Rep. Mangan wondered what the financial difference would be.

Judy Paynter, Department of Revenue said changing the fees generated around $1.4 million which put them at a 1.5% growth. By leaving the fees as they were currently would be a decrease of $2.9 million.

Rep. Mangan wondered why they were going to move this amendment if they were going to lose so much money.

Rep. Story said the Governor's Budget Office would not support this bill unless the fees were dropped.

Rep. Peterson wondered who would have to pay now with that $1.4 million gone.

Rep. Story explained they would just have to pick the money up elsewhere.

The amendment passed with 2 opposing votes, **Rep. Waitschies** and **Rep. Mangan.**

Amendment 2 **EXHIBIT(lfh53a02)** would eliminate the payments of the financial institute tax for this year. It would repeal the requirement for the distribution of that financial institution licence tax effective immediately.

Judy Paynter explained the reason for this was that they did not want it to be reduced by the financial institute amount, because growth would go on top of that, so you would want the entitlement amount to be what it was intended to be. This was just a cleaner way with the same effect as the accrual way. Under the current law, if the money was taken out of the 1st entitlement payment in fiscal year 2002, it would be added to 2003.

Rep. Mangan EXHIBIT(lfh53a03) asked why the difference in the accrual amount was there and what it effected.

Judy Paynter explained it had the same effect as the gaming revenue. The sheet they had received Tuesday had the same effect as this one, but the implication was much cleaner.

Rep. Story moved amendment and it was adopted unanimously.

Amendment 3 **EXHIBIT(lfh53a04)**provides the same reimbursement to TIF's that had been adopted in the Tuesday meeting for the fiscal years 2002 and 2003. This amount would be reduced by half in fiscal years 2004 and 2005 and after that it would be eliminated all together.

Rep. Esp moved the amendment and it passed unanimously.

Amendment 4 **EXHIBIT(lfh53a05)** deducted the net increases in the district court funding and public assistance funding. It provides the increase costs of the state and nets out those payments.

Rep. Story wondered how this fit with the last chart.

Judy Paynter said on the state funded district courts the $21 million was offset by the 10% motor vehicle for district court

and by the district court fees. They would have to net out to be equal.

Gordon Morris remembered that the amendment would cap those dollars in the terms of fiscal year 2001 monies. He read the chart to say that those monies would continue to grow, and there was also the assumption that the motor vehicle money would grow as well. The district court fees are shown as staying constant. The result would be the costs going up and would drive down the counties entitlement year after year.

Judy Paynter said that would not happen here. These were shown with 2001 as the base year to show the final impact.

{Tape : 1; Side : B; Approx. Time Counter : 0}

She said they would adjust in the base year and they would get their entitlement payment and would then be divorced from the welfare and district court costs.

Rep. Story said the amendment fit in the year with the base amount so it was a one time calculation. The figures on the chart just show what happens with the exposure of the general fund.

Rep. Mangan moved the amendment and it was adopted unanimously.

Amendment 5 **EXHIBIT(lfh53a06)** retains the requirement that the calculation of the amount of the DNRC pilt, currently included in the entitlement share, be continued.

Rep. Story moved the amendment.

Rep. Waitschies asked if the 40% was taken out for schools by the commissioners.

Greg Petesch told him it has always been taken out, and the schools get their portion through the block grant.

Judy Paynter asked if it would still be counted as a whole, even though the schools got the 40% and the counties got the other portion. **Greg Petesch** said that was how it would be done.

Amendment 5 was adopted unanimously.

Amendment 6 **EXHIBIT(lfh53a07)** provides calculation of Colstrip, the only town that was not in existence when this system was created. They would get their entitlement share amount calculated as is they were getting the full reimbursement for the

property tax reduction under the 3 bills that are included in the entitlement share in fiscal year 2000. This treats them as if they have always been in existence and they would receive the full reimbursement amount.

Rep. Wanzenried moved the amendment.

Rep. Story wanted to know how much money this involved.

Brad Simshaw, Department of Revenue said included in this number was the SB 184 reimbursement of $500,000. This amendment would give them $800,000 and would put them at what they have, not what they think they have.

Judy Paynter said there was 2 ways that this could go. The first was that they could go back and look at what the people would get under SB 184 if Colstrip had been in the pool. Colstrip would end up with about $800,000, the road fund in Rosebud county would have $150,000 less, and the other jurisdictions would have to be reduced to $300,000 so it could be given to Colstrip. The second thing they could do is they could put in an additional $300,000 just for Colstrip. This would mean they would have to put an additional $150,000 that would have come from the road fund.

Rep. Story opposed this because Colstrip came in after the decision was made and they were not entitled to a reimbursement. Without this amendment in the bill, Colstrip will continue to get money, but with it in the bill, everyone else loses.

Rep. Wanzenried withdrew the amendment.

Amendment 7 **EXHIBIT(lfh53a08)** discusses two issues. 1) making sure the sunset prevision was not in the bill and 2)whether or not the growth rate should be the same percentage as what is in the bill.

Rep. Story had a few reasons he opposed the growth rate. 1)If the growth rate was put into the bill for school, it could only be done by taking out growth rate from the cities and counties 2) Under the current law, the school's reimbursement declines, whereas under HB 124 there is no decline, they are held the same. 3)The county retirement and transportation are county funds that are used to fund the county part of those. The retirement fund adjusts the account because it spreads out the tax, rather then putting it all in one district.

Alec Hanson wondered what the growth rate for the cities entitlement would be if the amendment passed. **Rep. Story** gave a rough estimate of 2.5 million.

Mike Kadas, Mayor of Great Falls, said even if this was done, the schools did not have the authority to use the money.

Madalyn Quinlan, Office of Public Instruction, said the biggest concern for the schools was that if the termination for the block grants was not gotten rid of, it would create a huge hole in the funding. This, in the future years, would make the school funding seem bigger then it actually was and it would increase taxes.

The amendment failed on a 3 to 5 vote.

Amendment 8 **EXHIBIT(lfh53a09)** added the growth factor from in the bill. Only the schools were addressed with this amendment.

Rep. Story said it would create a problem with the other two county funds and would not help anything.

This amendment failed on a 3 to 5 vote.

Amendment 9 **EXHIBIT(lfh53a10)** did the same thing as the first amendment did, except it continues without the growth rate and removes the termination date for the school block grant.

Madalyn Quinlan said this made sure the money was there for the school, retirement and transportation budgets.

{Tape : 2; Side : A; Approx. Time Counter : 0}

Rep. Esp wanted to know what the amendment did.

Rep. Mangan moved the amendment and explained that there were numbers that HB 124 did not currently reflect. This amendment would put the numbers into practice and shows what the number would be for fiscal year 2005.

Rep. Story said they would need the appropriation number for fiscal years 2004 and 2005 that equals the chart, rather then equaling what the chart has down for the fiscal years 2002 and 2003.

Chuck Swysgood, Director of the Governor's Budget Office said they would have to go to the 2003 distribution and the county retirement would just continue to carry that on out. He did not think this amendment was acceptable.

Tom Bilideau MEAFFT said the purpose of this amendment was to hold the block grants level. Without this they would be back in

the next legislation to come up with a new school funding program.

Rep. Story asked if the intention of the Governor's Budget Office was to fund the projections an a declining level. **Chuck Swysgood** said yes.

Rep. Mangan withdrew amendment 9.

Amendment 10 **EXHIBIT(lfh53a11)** gets rid of the sunset by establising the base budget for the next session.

Rep. Mangan moved the amendment. He added a new section that removes the termination of the block grant.

Chuck Swysgood said they would look into this further to see how it would work.

The amendment was adopted unanimously.

Amendment 11 **EXHIBIT(lfh53a12)** was the new growth factor for the entitlement share.

Rep. Story moved the amendment.

Rep. Peterson wondered if this was what John Laughton had described.

Alec Hanson said 54% was in the amendment and the cities reserve the right to say what it should be next.

Mayor Kadas agreed with Alec Hanson. They were willing to work with this bill, even though they were going down.

Chuck Swysgood said he realized they were going down, but he was trying to make it so they would not have to go down as hard.

The amendment was adopted 6 to 1.

Amendment 12 **EXHIBIT(lfh53a13)** takes the revenue generated by the growth factor and distributes half of it according to the base and the other half by the growth of the population.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Greg Petesch said the latest census was the base and change would be based on the annual adjustment by commerce.

Rep. Peterson wondered if that was the money that Mayor Kadas had talked about being distributed by population only.

Rep. Story said it was. He wondered how much money was in the growth formula in dollars.

Judy Paynter said in fiscal years 2002 and 2003 there was $1,050,000 in the county and $1,350,000 in the cities.

Rep. Peterson wondered what the formula was in the current bill.

Judy Paynter told him it was distributed on the basis of inflation and the leftovers would be distributed based on the population.

Rep. Waitschies said he liked the bill the way it was currently.

The amendment passed 6 to 1.

Amendment 13 **EXHIBIT(lfh53a14)** says if any of the sources of revenue that is included in the entitlement share, except for reimbursement for lost property tax, were reduced through something other then the legislation, the department would calculate the revenue loss, deduct from the entitlement share starting in the next fiscal year and work with legislation to adjust to show the lost revenue.

Rep. Story moved the amendment.

Rep. Waitshies wondered if the reduction was counted the same as the increase was.

Greg Petesch said it would have to be prorated.

Mayor Kadas said he did not like the idea of giving up revenue sources to get back some money and the growth rate. He thought it was a good bill, but hoped nothing else changed.

Rep. Mangan wondered where they got the 97%.

Chuck Swysgood said they took the growth factor and reversed it for the loss of revenue. He used the example of $100, saying they would lose $3 of that, which was a small amount. He saw that the state was giving assurance of a revenue stream, a simplification of the process and a growth factor.

Rep. Peterson asked what the total amount of the revenue was.
Chuck Swysgood said the 97% was applied against the total revenue and was distributed back to the counties.

Greg Petesch said it was a 97% reduction from the base amount. If the base amount declined, this number would actually grow.

Rep. Peterson wondered how HB 124 would be effected if this amendment was not adopted.

Rep. Story said there was no effect on the bill itself and how it would operate, but rather on whether or not they had the cooperation of the Governor's Budget Office.

Rep. Wanzenried wanted to know how far they were willing to go as the 97% was not set in stone. He wondered what leeway they had planned.

Chuck Swysgood said they would have to look at eh base amount to calculate what was needed.

Rep. Wanzenried moved that the 97% be changed to 90%.

Rep. Esp wanted it to be left at 97% so they could move forward and see how it worked.

Rep. Peterson agreed with Rep. Esp.

That motion died on a tie vote.

The motion was then moved to make it be 95%.

The amendment was adopted on a 6 to 1 vote.

They decided the bill was ready to be made into a grey bill that would reflect all the changes.

The motion to recommend HB 124 to the Local Government committee was adopted on a 7 to 1 vote.

ADJOURNMENT

Adjournment: 8:35 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

ADJOURNMENT

Adjournment: 8:35 P.M.

_____
REP. BOB STORY, Chairman

_____
JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT(lfh53aad)

EXHIBIT 1
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(revise vehicle fees)**

Prepared by Gregory Petesch
March 8, 2001 (4:53PM)

1. Page 105, line 27.
Strike: "$6"
Insert: "$2.50"

2. Page 109, line 9.
Strike: "$6"
Insert: "$5, a registration fee of 50 cents"

3. Page 111, line 13.
Following: line 12
Insert: "(3) The off-highway decal fee is $5 and must be deposited in the state general fund."

4. Page 112, line 16.
Strike: "$6"
Insert: "$2"

5. Page 136, line 7.
Strike: "$6"
Insert: "$5"

6. Page 136, lines 25 and 26.
Following: "(a)" on line 25
Strike: remainder of line 25 through "$18" on line 26
Insert: "light vehicles under 2850 pounds, $13.25"

7. Page 137, lines 2 and 3.
Strike: "travel trailers" on line 2
Insert: "less than 2,500 pounds declared weight"
Following: "~~and~~" on line 2
Strike: remainder of line 2 through "$12" on line 3
Insert: "$8.25"

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8. Page 137, line 11.
Following: "61-3-411,"
Insert: "that are:
(i) over 2850 pounds,"

9. Page 137, line 12.
Following: line 11
Insert: "(ii) under 2850 pounds, $5;"

10. Page 137, line 12.
Strike: "$6"
Insert: "$9;
(e) light vehicles over 2,850 pounds, trucks and buses less than 1 ton, and heavy trucks in excess of 1 ton $18.25;
(f) logging trucks less than 1 ton, $23,25;
(g) motor homes, $21.75;
(h) motorcycles and quadricycles, $9.75;
(i) trailers and semi-trailers between 2500 and 6000 pounds, $11.25; and
(j) trailers and semi-trailers in excess of 6000 pounds, $16.25."

11. Page 145, line 5.
Strike: "$20"
Insert: "$25"

12. Page 145, line 6.
Following: "~~$10~~"
Insert: "a fee of $10"

13. Page 146, line 9.
Following: "$10"
Insert: "for a vehicle weighing more than 2,850 pounds and $5 for a vehicle weighing 2,850 pounds or less"

14. Page 147, line 20.
Strike: "$10"
Insert: "$5"

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15. Page 147, line 28.
Strike: "$10"
Insert: "$5"

16. Page 148, line 23.
Strike: "$10"
Insert: "$5"

17. Page 151, line 16.
Strike: "$6"
Insert: "$1"

Technical note: undo previously adopted fee amendments, undo repealers, and unamend no longer substantively amended sections

- END -

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EXHIBIT 2
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(eliminate financial institution tax reimbursement now)**

Prepared by Gregory Petesch
March 8, 2001 (3:22PM)

1. Page 188, line 16.
Following: "**Repealer.**"
Insert: "(1)"

2. Page 188, line 18.
Strike: "15-31-701, 15-31-702,"

3. Page 188, line 22.
Insert: "(2) Sections 15-31-701 and 15-31-702 are repealed."

4. Page 189, line 3.
Insert: "(4) [Section 261(2]) is effective on passage and approval."

- END -

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EXHIBIT 3
DATE Mar. 8th, 01
HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Gaming Revenue	28,333,194	30,429,850	31,707,904	33,039,636
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	7,398,417	7,398,417	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0	0	0
Federal Payments	116,782	116,782	116,782	116,782
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,386,347	2,386,347	2,386,347	2,386,347
Total Revenue Impacts	**213,218,249**	**199,641,994**	**199,610,513**	**199,653,591**

State G.F. Expenditure Impact - Entitlement Growth Rate of 3.0%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,455,419)	(36,519,082)	(37,614,654)	(38,743,094)
Cities	(45,296,073)	(46,654,955)	(48,054,603)	(49,496,241)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(1,200,000)	(1,200,000)	(600,000)	(600,000)
Schools K-12 replacement of revenue	(64,472,774)	(63,837,690)	(63,209,135)	(62,587,208)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement	(10,453,307)	(7,842,980)	(5,232,653)	(2,622,326)
County Transportation	(2,263,149)	(2,238,757)	(2,214,365)	(2,189,973)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
HB138 amended	0	(28,446)	(29,299)	(30,178)
HB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(202,094,453)**	**(202,322,121)**	**(202,965,999)**	**(204,314,306)**

Impact to State

Category	2003 Biennium	2005 Biennium	Two-Biennium Total
Revenue	412,860,243	399,264,104	812,124,347
Expenses	(404,416,574)	(407,280,305)	(811,696,879)
Net Change	**8,443,669**	**(8,016,201)**	**427,468**

HB124 Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	5,742,983	5,829,128	11,572,111	5,916,565	6,005,313	11,921,878
Motor Vehicles - All Other	75,484,466	76,616,733	152,101,199	77,765,984	78,932,474	156,698,458
Gaming Revenue	28,333,194	30,429,850	58,763,044	31,707,904	33,039,636	64,747,540
District Court Fees	1,906,941	1,906,941	3,813,882	1,906,941	1,906,941	3,813,882
Financial Institutions Tax	7,398,417	7,398,417	14,796,834	7,398,417	7,398,417	14,796,834
Taylor Grazing Payments	116,782	116,782	233,564	116,782	116,782	233,564
Alcohol-Related Taxes	4,116,407	4,213,185	8,329,592	4,312,238	4,413,620	8,725,859
All Other Impacts	2,386,347	2,386,347	4,772,694	2,386,347	2,386,347	4,772,694
Total Revenue Impacts	125,485,537	128,897,383	254,382,920	131,511,178	134,199,530	265,710,708

HB124 Impacts of Proposed Funding Shifts on State Government
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	1.50%	1.50%	-	1.50%	1.50%	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	0.00%	0.00%	-	0.00%	0.00%	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Taylor Grazing Payments	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	3.50%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	1.53%	2.72%	-	2.03%	2.04%	-

Counties (includes road fund)
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(23,054,729)	(22,138,307)	(45,193,036)	(21,221,886)	(20,305,465)	(41,527,350)
Motor Vehicles - District Courts	0	0	0	0	0	0
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(56,806,057)	(29,043,682)	(29,479,338)	(58,523,020)
Gaming Revenue	(6,593,134)	(7,081,026)	(13,674,160)	(7,378,429)	(7,688,323)	(15,066,752)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,562,900)	(1,562,900)	(3,125,800)	(1,562,900)	(1,562,900)	(3,125,800)
Taylor Grazing Payments	(116,782)	(116,782)	(233,564)	(116,782)	(116,782)	(233,564)
Alcohol-Related Taxes	(472,287)	(483,391)	(955,678)	(494,755)	(506,387)	(1,001,143)
All Other Impacts	(1,679,628)	(1,679,628)	(3,359,256)	(1,679,628)	(1,679,628)	(3,359,256)
Total Current Law Revenue	(61,671,051)	(61,676,499)	(123,347,551)	(61,498,063)	(61,338,822)	(122,836,885)
District Court Expenditure	13,109,812	13,499,173	26,608,985	13,900,099	14,312,932	28,213,031
Welfare Expenditure	15,240,116	15,618,204	30,858,320	16,005,672	16,402,752	32,408,424
Total Current Law Expenditure	28,349,928	29,117,377	57,467,305	29,905,771	30,715,684	60,621,455
Revenue Net Expenditures	(33,321,123)	(32,559,122)	(65,880,245)	(31,592,292)	(30,623,139)	(62,215,431)
HB124 Entitlement	36,455,416	36,618,982	73,074,581	37,614,654	38,743,094	76,357,748
Difference	3,134,293	4,059,860	7,194,153	6,022,362	8,119,955	14,142,317

Counties (includes road fund)
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.82%	-3.97%	-	-4.14%	-4.32%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Taylor Grazing Payments	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	3.50%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	-0.57%	0.01%	-	-0.29%	-0.26%	-
District Court Expenditure	2.97%	2.97%	-	2.97%	2.97%	-
Welfare Expenditure	2.48%	2.48%	-	2.48%	2.48%	-
Total Current Law Expenditure	2.71%	2.71%	-	2.71%	2.71%	-
Revenue Net Expenditures	-3.20%	-3.29%	-	-2.97%	-3.07%	-
HB124 Entitlement	3.00%	3.00%	-	3.00%	3.00%	-
Difference	6.20%	6.29%	-	5.97%	6.07%	-

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Cities
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(5,906,554)	(5,684,006)	(11,590,560)	(5,461,459)	(5,238,912)	(10,700,370)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(22,558,447)	(11,533,636)	(11,706,640)	(23,240,276)
Gaming Revenue	(21,740,060)	(23,348,824)	(45,088,884)	(24,329,475)	(25,351,313)	(49,680,787)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,680,400)	(1,680,400)	(3,360,800)	(1,680,400)	(1,680,400)	(3,360,800)
Taylor Grazing Payments	0	0	0	0	0	0
Alcohol-Related Taxes	(3,692,349)	(3,779,157)	(7,471,506)	(3,868,006)	(3,958,944)	(7,826,951)
All Other Impacts	(256,186)	(256,186)	(512,372)	(256,186)	(256,186)	(512,372)
Total Current Law Revenue	[illegible]	[illegible]	[illegible]	(47,129,162)	(48,192,395)	(95,321,557)
HB124 Entitlement	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Difference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Cities
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.63%	-3.77%	-	-3.92%	-4.07%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Taylor Grazing Payments	-	-	-	-	-	-
Alcohol-Related Taxes	3.50%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Current Law Revenue	1.12%	3.58%	-	2.21%	2.26%	-
HB124 Entitlement	3.00%	3.00%	-	3.00%	3.00%	-
Difference	1.88%	-0.58%	-	0.79%	0.74%	-

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Schools
Comparison of Current Law Revenue Flow and HB124 Block Grant

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(31,564,979)	(30,494,576)	(62,059,555)	(29,424,172)	(28,353,768)	(57,777,940)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	(29,021,274)	(29,456,593)	(58,477,867)	(29,898,442)	(30,346,918)	(60,245,360)
Gaming Revenue	0	0	0	0	0	0
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(3,454,946)	(3,454,946)	(6,909,892)	(3,454,946)	(3,454,946)	(6,909,892)
DNRC-PILT	(336,347)	(336,347)	(672,694)	(336,347)	(336,347)	(672,694)
Alcohol-Related Taxes	0	0	0	0	0	0
State Aeronautics Fee	(95,229)	(95,229)	(190,458)	(95,229)	(95,229)	(190,458)
Change in Current Law Revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HB124 Block Grant	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Schools
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.28%	-3.39%	-	-3.51%	-3.64%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	-	-	-	-	-	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
DNRC-PILT	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	-	-	-	-	-	-
State Aeronautics Fee	0.00%	0.00%	-	0.00%	0.00%	-
Change in Current Law Revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HB124 Block Grant	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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EXHIBIT 4
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(industrial TIF reimbursement)**

Prepared by Gregory Petesch
March 8, 2001 (3:00PM)

1. Page 4, line 14.
Following: line 13
Insert: "(c) The entitlement share for industrial tax increment financing districts is as follows:
(i) for fiscal years 2002 and 2003:
Missoula County Airport Industrial 4,812
Silver Bow Ramsey Industrial 1,195,188;
(ii) for fiscal years 2004 and 2005:"
Missoula County Airport Industrial 2,406
Silver Bow Ramsey Industrial 597,594; and
(iii) 0 for all succeeding fiscal years.

- END -

EXHIBIT 5
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(deduct court funding and public assistance from entitlement share)**

Prepared by Gregory Petesch
March 8, 2001 (5:56AM)

1. Page 3, line 6.
Following: line 5
Insert: "(2) The department shall deduct from the amount calculated pursuant to subsection (1), the increased costs for the state assumption of district court expenses provided for in 3-5-901 and the increased state costs for the assumption of public assistance."
Renumber: subsequent subsections

- END -

EXHIBIT 6
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Bob Story **(retain DNRC PILT calculation)**

For the House Local Government Committee

Prepared by Gregory Petesch
March 8, 2001 (1:26PM)

1. Title, page 12, line 16.
Following: "76-15-623,"
Insert: "77-1-502, 77-1-503, 77-1-504,"

2. Title, page 2, line 25.
Strike: "77-1-501, 77-1-502, 77-1-503, 77-1-504,"

3. Page 166, line 13.
Insert: "Section 219. Section 77-1-502, MCA, is amended to read:

"77-1-502. Computation of state land equalization ~~payment~~ amount. (1) The department of revenue shall compute the amount of taxes which would be payable on the county assessments of ~~said~~ state-owned grazing, agricultural, or forest property as if it were owned by and taxable to a taxpayer of ~~such~~ the county.

(2) If the land is not classified, the sum ~~to be listed shall~~ must be determined by the average tax payment made on like property within the county ~~where said~~ in which the land is situated, not to exceed 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre. The average tax may be derived from the most recent biennial report of the department of revenue. The total figure arrived at by this method ~~shall~~ must be called the gross assessment figure.

(3) The county exemption factor ~~shall~~ must be determined by dividing the percentage the state-owned land bears to the total land area of the county into 6%. This quotient ~~shall~~ must be multiplied by the gross assessment figure, and the product is called the state exemption figure.

(4) The state exemption figure ~~shall~~ must be subtracted from the gross assessment to give the state land equalization ~~payment~~ amount."

{*Internal References to 77-1-502: None.*}"

Insert: "Section 220. Section 77-1-503, MCA, is amended to read:

"77-1-503. Form to be completed by department of revenue. The department shall provide a form for each county to be followed and completed by the department of revenue. The

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department of revenue shall, before October 1, make the computations required and submit to the department the completed forms, which must show the computations and method used in arriving at the state land equalization ~~payment~~ amount."

{*Internal References to 77-1-503: None.*}"

Insert: "Section 221. Section 77-1-504, MCA, is amended to read:

"77-1-504. Processing of statements. The department shall examine for accuracy the statement returned by the department of revenue, and the state land equalization ~~payment~~ amount may not be approved unless the state exemption figure is deducted from the gross assessment figure in the statement. The department shall, before November 1 of each year, prepare and file a claim with the department of administration for all counties that are eligible for state land equalization ~~payments~~ amounts, and this claim must show the amount of money each eligible county will receive through the entitlement share provided for in [section 1]."

{*Internal References to 77-1-504: None.*}"

Renumber: subsequent sections

- END -

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EXHIBIT 7
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(Colstrip)**

Prepared by Gregory Petesch
March 8, 2001 (3:52PM)

1. Page 3, line 22.
Following: line 21
Insert: "(5) The base component for a local government incorporated between July 1, 1998 and December 31, 1998, must be calculated as if the local government were in existence during the fiscal year ending June 30, 1998 and as if the local government received a full reimbursement under subsection (1)(a) in fiscal year 2000."

- END -

EXHIBIT 8
DATE March 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Jeff Mangan **(remove school block grants termination + growth factor)**

For the House Local Government Committee

Prepared by Gregory Petesch
March 7, 2001 (4:10PM)

1. Page 184, lines 11 and 12.
Following: "source." on line 11
Strike: remainder of line 11 through line 12 in their entirety
Insert: "The average amount of the block grants in fiscal years 2002 and 2003 must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

2. Page 184, line 19.
Following: "**reimbursement.**"
Insert: "(1)"

3. Page 186, line 21.
Insert: "(2) The amount distributed to each county for elementary and secondary countywide school retirement for fiscal year 2003 in subsection (1) must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

4. Page 186, line 22.
Following: "**reimbursement.**"
Insert: "(1)"

5. Page 187, line 28.
Insert: "(2) The amount distributed to each count for elementary and secondary countywide school transportation for fiscal year 2003 in subsection (1) must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

6. Page 189, line 4.

20 5

Strike: "(1)"

7. Page 189, line 5.
Strike: subsection (2) in its entirety

8. Page 190.
Insert: "Technical note: Delete sections 123, 125, and 127 added by prior amendment (temporary versions become permanent versions of 20-9-501, 20-10-144, 20-10-146)"

- END -

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EXHIBIT 9
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Jeff Mangan **(continue school block grant in budget increased by growth factor)**

For the House Local Government Committee

Prepared by Gregory Petesch
March 8, 2001 (1:31PM)

1. Page 188, line 15.
Insert: "NEW SECTION. **Section 246. Inclusion of appropriations in budget.** The governor shall include the appropriation in [section 260(1)] in the present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation increased by the amount of the growth factor provided for in [section 1]."
Renumber: subsequent sections

2. Page 189, line 5.
Strike: "255 through"
Insert: "256 and"

- END -

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EXHIBIT 10
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Jeff Mangan **(remove school block grant termination and continue at existing rates)**

For the House Local Government Committee

Prepared by Gregory Petesch
March 7, 2001 (4:09PM)

1. Page 184, lines 11 and 12.
Following: "source." on line 11
Strike: remainder of line 11 through line 12 in their entirety
Insert: "The average amount of the block grants in fiscal years 2002 and 2003 must be the block grant in each succeeding fiscal year."

2. Page 184, line 19.
Following: "**reimbursement.**"
Insert: "(1)"

3. Page 186, line 21.
Insert: "(2) The amount distributed to each county for elementary and secondary countywide school retirement for fiscal year 2003 in subsection (1) must be the amount distributed in each succeeding fiscal year."

4. Page 186, line 22.
Following: "**reimbursement.**"
Insert: "(1)"

5. Page 187, line 28.
Insert: "(2) The amount distributed to each count for elementary and secondary countywide school transportation for fiscal year 2003 in subsection (1) must be the amount distributed in each succeeding fiscal year."

6. Page 189, line 4.
Strike: "(1)"

7. Page 189, line 5.

2 of 10

Strike: subsection (2) in its entirety

8. Page 190.
Insert: "Technical note: Delete sections 123, 125, and 127 added by prior amendment (temporary versions become permanent versions of 20-9-501, 20-10-144, 20-10-146)"

- END -

EXHIBIT 11
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

Requested by Representative Jeff Mangan

For the House Local Government Committee

Prepared by Gregory Petesch
March 8, 2001 (11:58AM)

1. Page 188, line 15.
Insert: "NEW SECTION. **Section 246. Inclusion of appropriations in budget.** The governor shall include the appropriation in [section 260(1)] in the present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation."
Renumber: subsequent sections

2. Page 189, line 5.
Strike: "255 through"
Insert: "256 and"

- END -

EXHIBIT 12
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(new growth factor for entitlement share)**

Prepared by Gregory Petesch
March 8, 2001 (3:33PM)

1. Page 3, line 6.
Following: "(2)"
Insert: "(a) By July 1 of each year, the department shall calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:

(i) The department shall calculate the average annual growth rate of Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (2)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (2)(a)(ii)(A).

(iii)(A) For fiscal years 2002 through 2005, the entitlement share pool growth rate for the first year of the biennium must be 70% of the average of the growth rates calculated in subsections (2)(a)(i)(B) and (2)(a)(ii)(B).

(iv) The entitlement share pool growth rate for the second year of the biennium must be 70% of the average of the growth rates calculated in (2)(a)(i)(A) and (2)(a)(ii)(A).

(B) For fiscal year 2006 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the biennium must be 54% of the average of the growth rates calculated in subsections (2)(a)(i)(B) and (2)(a)(ii)(B).

(iv) The entitlement share pool growth rate for the second year of the biennium must be 54% of the average of the growth rates calculated in (2)(a)(i)(A) and (2)(a)(ii)(A).

(b) ""

Technical note: replaces former 5-year calculation at 70%.

- END -

EXHIBIT 13
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(growth allocation)**

Prepared by Gregory Petesch
March 8, 2001 (4:01PM)

1. Page 3, line 20.
Following: "(4)"
Insert: "(a)"

2. Page 3, line 22.
Following: line 21
Insert: "(b) The amount of money representing the growth factor in the entitlement share must be allocated as follows:

(i) 50% of the growth factor must be allocated to local governments based upon each local governments percentage of the entire entitlement share;

(ii) 50% of the growth factor must be allocated to each county or consolidated local government based upon the percentage that each entity's population bears to the percentage of the state population as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census. The county or consolidated government must allocate the appropriate portion of the money received under this subsection (4)(b)(ii) to each incorporated city or incorporated town in the county based upon each incorporated city or town's percentage of the county population as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census."

- END -

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EXHIBIT 14
DATE Mar. 8th, 01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(exclude revenue)**

Prepared by Gregory Petesch
March 8, 2001 (3:24PM)

1. Page 4, line 14.
Insert: "(6)(a) If revenue that is included in the entitlement share under subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, then the department shall deduct the amount of revenue loss from the entitlement share beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (6)(a), a significant reduction is a loss of that causes the amount of revenue received in the current year to be less than 97% of the amount of revenue received in the base year."

- END -

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HOUSE OF REPRESENTATIVES

House Select COMMITTEE

ROLL CALL DATE Mar 8th, 01

NAME	PRESENT	ABSENT	EXCUSED
Representative Story	✓		
Representative Whitsches	✓		
Representative Wanzenried	✓		
Representative Branae	✓		
Representative Mangan	✓		
Representative Esp	✓		
Representative Carney			✓
Representative Peterson.	✓		

COMMITTEE PROXY

DATE Mar. 8 01

I request to be excused from the **HOUSE LOCAL GOVERNMENT** – Subcommittee

Committee meeting this date because of other commitments. I desire to leave my proxy vote with_____

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

HOUSE BILL/ AMENDMENT	AYE	NO
07	✓	
08	✓	
10	✓	
12	✓	
19	✓	
20	✓	
21		✓
23	✓	
24	✓	
22	✓	

SENATE BILL/AMENDMENT	AYE	NO

Rep. Edd Carney

(Signature)

S:\LOCAL GOV\COMMITTEE PROXY.wpd

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MARK NOENNIG**, on March 20, 2001 at 3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Mark Noennig, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Jeff Mangan, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. John Esp (R)
Rep. Dennis Himmelberger (R)
Rep. Hal Jacobson (D)
Rep. Rick Laible (R)
Rep. Jesse Laslovich (D)
Rep. Bob Lawson (R)
Rep. Michelle Lee (D)
Rep. Brad Newman (D)
Rep. Ken Peterson (R)
Rep. William Price (R)
Rep. James Whitaker (R)
Rep. Cindy Younkin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB 124

EXECUTIVE ACTION ON HB 124

Motion: **REP. MANGAN** moved that **HB 124 DO PASS.**

Discussion: **REP. STORY** gave a summary of the amendments and a general overview of select committee activities. **EXHIBIT(1) EXHIBIT(2) EXHIBIT(3) EXHIBIT(4)**

Motion: **REP. MANGAN** moved that **HB 124 BE AMENDED** with 12450.**EXHIBIT(5) EXHIBIT(6)**

Discussion: Rep. Story addressed the amendments with a thorough explanation. Dept. of Revenue explained the formula used for distribution of funds.**EXHIBIT(7)** ***{Tape : 1; Side : A; Approx. Time Counter : 0 - 30}{Tape : 1; Side : B; Approx. Time Counter : 0 - 30}***

Motion/Vote: **REP. MANGAN** moved that **HB 124 BE AMENDED. Motion carried 17-1 with Lawson voting no.**

Motion: **REP. MANGAN** moved that **HB 124 DO PASS AS AMENDED.**

Motion/Vote: **REP. MANGAN** moved that **HB 124 BE AMENDED** with amendment #12426 **EXHIBIT(8). Motion carried unanimously.**

Motion: **REP. MANGAN** moved that **HB 124 DO PASS AS AMENDED.**

Motion/Vote: **REP. MANGAN** moved that **HB 124 BE AMENDED** with amendment 12430. **Motion carried unanimously.EXHIBIT(9)**

Motion: **REP. MANGAN** moved that **HB 124 DO PASS AS AMENDED.**

Motion/Vote: **REP. MANGAN** moved that **HB 124 BE AMENDED** with amendment 12429 **EXHIBIT(10). Motion carried unanimously.**

Motion: **REP. MANGAN** moved that **HB 124 DO PASS AS AMENDED.**

Motion/Vote: **REP. MANGAN** moved that **HB 124 BE AMENDED** with amendment 12428.**EXHIBIT(11) Motion carried unanimously.**

Discussion: Dept. of Revenue explains the need for these amendments.

Motion/Vote: **REP. MANGAN** moved that **HB 124 DO PASS AS AMENDED. Motion carried 13-5 with Cyr, Laslovich, Lawson, Newman, and Younkin voting no.** ***{Tape : 2; Side : A; Approx. Time Counter : 0 - 30} {Tape : 2; Side : A; Approx. Time Counter : 0 - 30}{Tape : 3; Side : A; Approx. Time Counter : 0 - 17.8}***

ADJOURNMENT

Adjournment: 6:40 pm

Mark E. Noennig
REP. MARK NOENNIG, Chairman

Patti O'Reilly
PATTI O'REILLY, Secretary

MN/PO

EX 1
3/20/01
HB 124

GALLATIN COUNTY

311 West Main, Rm. 306 • Bozeman, MT 59715

County Commission

William A. Murdock
Jennifer Smith Mitchell
John Vincent

Phone (406) 582-3000
FAX (406) 582-3003

March 16, 2001

Representative Mark Noennig, Chairman
House Local Government Committee
P.O. Box 201701
Helena, MT 59620-1701

Dear Chairman Noennig:

We want to thank the Local Government Select Committee Members for the work they have done to improve House Bill 124. The committee has eliminated a number of our concerns. However, based on the bill as it stands, we continue to be in opposition.

Our specific concerns follow. We have included proposed changes that we believe could eliminate our opposition:

1. The proposed legislation takes a 5% revenue funded at the discretion of the state and increases it to a 15% revenue source. We fear that the size of an entitlement in excess of $400 Million each biennium will make legislative reductions easier, especially when, at the present time, the legislature would have to reduce each of the revenue sources separately.
   - **We recommend that language be included requiring a 3/5's vote (60% of each house) before a change in the entitlement amount could occur.**

2. The unstated requirement that counties must levy full amount of FY 2001 District Court and Public Assistance millage and dedicate these revenues to fund that full amount of the reductions to county funds and special district funds.
   - We recommend that language be added requiring the levying of the FY 2001 millage for District Court and Public Assistance, will all revenues not necessary for Clerk of District Court, current space of District Courts and Juvenile Probation and other non-assumed costs being dedicated to offset entitlement reductions. Furthermore, specific language should be added eliminating a county's obligation to provide additional space for District Court or Juvenile Probation, without increased funding from state.

3. Equalization of local government revenues across state, without regard for where new motor vehicle, gambling, bank tax or alcohol taxes are generated.
   - This problem was eliminated with the adoption of the League of Cities and Towns amendment dealing with growth based on population estimates.

4. This bill gives authority to the Department of Revenue to decide how much each entity will receive, how much to ask the legislature for in coming years, to note the changes in Motor Vehicle laws and calculate those changes into the reimbursement – i.e. full effects of November election changing to flat fee, possible Open Space plates, etc.
   - **We recommend the addition of language specifically providing for an appeal process by a city or a county with an impartial panel to make final decisions. DOR rule-making authority should be limited on this legislation to assure that legislative intent is maintained and that the rules are bound by legislative direction.**

5. DOR/State Budget Office have projected 4 years of revenues and expenses, using very conservative revenue estimates. These projections show revenues will exceed expenses by $427,468 over the next 4 years. However, revenues are frozen for a number of sources, while expenses are increased. Gallatin County and most large counties and cities have seen significant growth in the sources frozen and significantly higher gambling revenue increases than current projections. Additionally, DOR's March 6 estimates changed significantly by March 8th. It appears the finding of $7.4 million in new one-time revenues allowed the State to reduce previous calculations without any explanation. Using conservative growth estimates, there is a calculated surplus of $2.5 million over 4 years.
   - We recommend the addition of language anticipating actual revenues greater than currently estimated expenses be used when calculating the 5th and 6th year entitlement.

Sincerely,

GALLATIN COUNTY COMMISSION

Jennifer Smith Mitchell, Chairman

OUT OF STATE 3/13/26
William A. Murdock, Member

John Vincent, Member

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E42
3/20/01
HB124

CITY OF BILLINGS

CHARLES F. TOOLEY, MAYOR

P.O. BOX 1178
BILLINGS, MONTANA 59103
(406) 657-8296
FAX (406) 657-8390

March 20, 2001

Representative Mark Noennig
House of Representatives
State Capitol
Helena, MT 59620

Dear Representative Noennig:

The City of Billings supports House Bill 124. We believe that it will improve the financial connection between state government and local governments in Montana.

The current system of reimbursements and transfer payments is not as workable as it should be. HB 124 will set up a balanced and predictable system of sharing state revenues and moderate growth rates for local government. It will also tie disbursements to cities, towns and counties to the performance of the state economy, which is the essential element of an effective and fair financial partnership between state and local government.

The select committee amended HB 124 so it will transfer local shares of motor vehicle, gambling, financial institutions and liquor tax revenues to the general fund. The state will reimburse each city and county for these base amounts and the losses from three reductions in the tax rate on personal property. The bill then adjusts these base amounts by 70% of the four-year average increase in personal income and gross state product, which will boost state transfers to cities and counties by 3% in each of the next four years. This bill sets up a logical system to transfer state money to local governments, it protects the bottom line of all cities and counties and it provides moderate and predictable revenue growth.

The City of Billings believes that HB 124, as amended by the select committee, meets the basic standards of good finance policy. It proposes a law that is fair, effective and affordable. It is a good bill that stands on a lot of hard and thoughtful work, and we ask the Local Government Committee to take the next step by sending it on to the floor of the House.

Thanks for your consideration.

Sincerely,

Charles F. Tooley
Mayor of Billings

EX3
3/20/01
HB124

March 20, 2001

HOUSE LOCAL GOVERNMENT COMMITTEE
HB 124

I was heartened to hear Representative Story's promise to fix several of the motorcycling communities concerns with HB 124. Proposed amendment language reflecting those concerns provided at the three bill hearings seem to do that.

The remaining problem is one of fee increases.

Light vehicle fees, including motorcycles and quadricycles, were set at $18. This figure was chosen to make all these fees equal. The $5.00 safety fee was broken out of the overall $18 fee on light vehicles by the Select Committee's action on February 6.

With the $5 Montana Motorcycle Safety fee segregated then the fee for motorcycles and quadricycles is $13 rather than $18. To standardize the Select Committee's proposed amendment lowered that to $12.

Since a $2 fee that is a component of the total fee was raised to $3.25 just to achieve the overall standardized fee for all light vehicles, there is no reason now for that **140% tax increase**. Consequently the fee for motorcycles and quadricycles should be $9.75.

Since these vehicles are only used a few months each year the best place to standardize fees may be at $10.00 rather than higher. That would lump them with another limited use group, "Pioneer Vehicles". This would be a $ .25 tax increase, smaller than currently proposed.

The rationale for the fee increase was to set all light vehicle fees at the same level. Since the motorcycle fee is no longer the same there is no rationale remaining to raise it. These vehicles are only used a small portion of the year and shouldn't have to pay the same fee that all light vehicles pay anyway.

Vintage motorcycle plates for motorcycles get a **100% increase in taxes** under this bill. The logic in doing this seems to be different than that for making all light vehicle fees the same. Only this category was increased. The intention of HB 124 was not to increase taxes but rather to reform and restructure the law to help local government. This is just a tax increase.

Dal Smilie, Vice Chairman, American Motorcyclist Association

MONTANA LEAGUE OF CITIES AND TOWNS

PO Box 1704, Helena MT, 59624 * Telephone (406) 442-8768 * Fax (406) 442-9231 * E-mail mlct@mt.net

EH 4
3/20/01
HB 124

03/19/01

Representative Mark Noennig
House of Representatives
State Capitol
Helena, MT 59620

Dear Representative Noennig:

The purpose of this letter is to express the support of the Montana League of Cities and Towns for House Bill 124.

Cities and towns believe that HB-124 will improve the financial connection between the state and local governments across Montana. The partnership suggested by this bill will replace the system of reimbursements and transfer payments that has developed over many sessions of the Legislature. It will set up a balanced and predictable system of sharing state revenues and allow moderate growth rates for local government. It will also gear disbursements to cities, towns and counties to the performance of the state economy, which is the essential element of an effective and fair financial partnership between state and local government.

As amended by the select committee, HB-124 will transfer local shares of motor vehicle, gambling, financial institutions and liquor tax revenues to the general fund. The state will reimburse each city and county for these base amounts and the losses from three reductions in the tax rate on personal property. The bill then adjusts these base amounts by 70% of the four-year average increase in personal income and gross state product, which will boost state transfers to cities and counties by 3% in each of the next four years. This bill sets up a logical system to transfer state money to local governments, it protects the bottom line of all cities and counties and it provides moderate and predictable revenue growth.

The League of Cities and Towns believes that HB-124 is fair, effective and affordable. It is a good bill that stands on a lot of hard and thoughtful work, and we ask the Local Government Committee to take the next step by sending it on to the floor of the House.

I thank you for considering these comments.

Best wishes,

Alec Hansen

EX 5
3/20/01
HB 124

The Entitlement Share Growth Rate – HB124

The growth rate of the entitlement share is based on the growth of gross state product and state personal income. Table 1 shows gross state product and personal income from 1994 through the latest year available. For personal income, the latest year available is 1999; for gross state product, it is 1998.

The growth rate for the first year of the biennium (Fiscal 2002) is calculated from the growth of the gross state product from 1994 to 1997 and growth of personal income from 1995 through 1998. The growth rate for the second year of the biennium (Fiscal 2003) is calculated based on the latest four years of data available. For gross state product this is 1995 through 1998 and for personal income, this is 1996 through 1999.

Table 1
Montana Gross State Product and Personal Income
($million)

year	Gross State Product	Personal Income
1994	$17.0	$15.5
1995	$17.7	$16.3
1996	$18.2	$17.0
1997	$19.1	$17.7
1998	$19.9	$18.8
1999		$19.4

Table 2 shows that the average annual growth rate of gross state product was 3.84% for 1994 through 1997 and 3.98% for 1995 through 1998. The average annual growth rate of personal income from 1995 to 1998 is 4.79% and 4.58% for 1996 through 1999.

Table 2
Calculation of Entitlement Share Growth Rate

	---Gross State Product---		---Personal Income---			
Fiscal Year	Years	A Growth Rate	Years	B Growth Rate	C=(A+B)/2 Average of Growth Rates	D=0.7 x C 70% of Average
2002	1994 - 1997	3.84%	1995 - 1998	4.79%	4.32%	3.02%
2003	1995 - 1998	3.98%	1996 - 1999	4.58%	4.28%	3.00%

HB 124 sets the growth rate of the entitlement share at 70% of the average of the growth rates of gross state product and personal income. Table 2 shows the calculation of the entitlement share growth rate for fiscal years 2002 and 2003.

Fiscal 2002. The average of the two growth rates for fiscal 2002 is 4.32%. ((3.84% + 4.79%)/2 = 4.32%) The entitlement share growth rate for the first year of the biennium is 70% of this average, or 3.0%.

Fiscal 2003. The average of the growth rate of personal income and the growth rate of gross state product for fiscal 2003 is 4.28%. ((3.98% + 4.58%)/2 = 4.28%) The entitlement share growth rate for the second year of the biennium is 70% of this average, or 3.0%.

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E&C
3/20/01
HB124

HB124
"The Big Bill"

What is HB124?

This is the bill to reimburse local governments and schools for the SB184 (1999 session) tax reductions for property tax and oil and natural gas tax reductions. This is $54.9 million a year plus $1.2 million for the industrial TIF's in Butte and Missoula.

This bill also includes prior sessions HB20 and SB417 property tax reimbursements to local governments and schools for tax rate reductions in Class 8 business equipment taxes.

Table 1 shows the Reimbursement Programs for fiscal year 2001 to 2003.

Table 1
Reimbursement Programs
FY2001 through FY2003

Description	FY2001	FY2002	FY2003
SB184			
Statewide	$ 50,861,342	$ 50,861,342	$ 50,861,342
Industrial TIF's	1,200,000	1,200,000	1,200,000
HB20	9,552,490	8,358,429	7,164,368
SB417	10,845,278	9,489,618	8,133,959
TIF's	4,776,051	4,680,628	3,717,048
Total	**$ 77,235,161**	**$ 74,590,017**	**$ 71,076,716**

HB124
"The Big Bill"

What does HB124 do?

Reimburse for the following revenue sources that have their distribution system simplified.

Revenue Source	FY2002	FY2003
Motor Vehicles	$ 81.2	$ 82.5
Gaming Revenue	28.3	30.4
District Court Fees	1.9	1.9
Financial Institutions Tax	7.4	7.4
Alcohol - Related Taxes	4.1	4.2
Other Minor Taxes/Fee	2.1	2.1
Total Reallocated Revenue	**$125.0**	**$128.5**

Why Simplify the Revenue Distribution?

Local Governments and Schools created a vision prior to the 1999 session. Part of their vision was"

> **To create a partnership with the state to enable all governments to respond to the demand of their citizens in the 21st century through a revenue collection and distribution system that is simple, efficient, accurate and timely.**

HB124
"The Big Bill"

How will local government receive money from the state in the future?

1. An **Entitlement Share** Program for local governments is created.

   - ✓ The base will be dollar for dollar on revenues received by local governments in fiscal 2001.
   - ✓ The **Entitlement Share** changes each year in relationship to the changes in the state economy.
   - ✓ The **Entitlement Share** change rate is set by a formula in law and does not require legislative adjustment each session.
   - ✓ The **Entitlement Share** is statutorily appropriated, and thus is on going and built into each biennium budget base.

2. Schools receive a block grant to reimburse them dollar for dollar on revenues received in fiscal 2001.

HB124
"The Big Bill"

Will local government be giving up growing revenue sources for a flat amount?

1. No, the **Entitlement Share** to counties and cities/towns grows annually by formula. The growth for the first two years is 3% per year.

2. Present reimbursements are declining due to legislated phase-outs in HB20 and SB417 reimbursement schedules.

3. Presently county revenues included in HB124 are decreasing about 3% a year. Under HB124 reimbursement for these revenue sources will grow about 6% a year. This is an improvement on their revenue position on these funding sources.

4. Overall city/town revenues included in HB124 are increasing about 2.25% a year. Under HB124 city/towns will have a 3% growth on these revenue for an overall improvement on their revenue position on these funding sources.

HB124
"The Big Bill"

How are schools treated in HB124?

1. Schools receive a block grant reimbursement.

2. The block grant replaces a declining reimbursement with a constant dollar amount. Present reimbursements are declining due to legislated phase-outs in HB20 and SB417 reimbursement schedules.

3. Presently school revenues included in HB124 are decreasing about 1% a year. Under HB124, schools will have an overall 1% improvement on their revenue position on these funding sources.

4. The block grant is required to be budgeted for in the 2005 biennium.

4461595

HB124
"The Big Bill"

How are State and other County Programs affected by HB124?

1. All programs presently funded by vehicle fees - junk vehicle, weeds, state parks, motorcycle safety, etc. - still receive the same amount of revenue the program would under existing law.

2. Language in HB124 requires local governments to fund alcohol treatment programs and districts such as libraries as they are presently funded.

HB124
"The Big Bill"

What programs change under HB124?

HB124 provides the financial change for the state to takes over funding for two major programs that counties now fund.

- ✓ District Courts with the exception of the Clerk of District Court's office, which will remain as a local elected official, will become the state funding responsibility in SB176. HB 124 moves the amount of financial resources the counties are currently devoting to the district courts to the state.

- ✓ Welfare will be totally funded by the state. This ends the assumed and non-assumed counties for the welfare program. HB124 transfers the amount of money that the counties are currently using to support welfare to the state.

HB124
"The Big Bill"

Does HB124 take away power and duties from local elected officials?

No! All present functions of local officials remain the same.

NEW AUTHORITY AND CONTROL! HB 124 provides additional flexibility for local governments by removing state restrictions on the funds and individual mill levy caps. The local government personnel will work together to make their programs function

Payment for a few small state programs will now be made to the Department of Revenue instead of the County Treasurer—Hail Insurance, Forest Fire Protection Fees, and the Per Capita Livestock Fee.

FLEXIBLE AND WORKABLE PROPERTY TAX LIMIT! There will be only one property tax limit for local governments which:

- ✓ Can grow by the greater of one half the prior three years rate of inflation or the tax increase generated by newly taxable property, whichever is greater.
- ✓ Does not need to be maximized every year. If the maximum amount of property tax authorized is not levied in a year, the allowable maximum limit can still be utilized if needed.
- ✓ Has a refined definition of Newly taxable property.

EX 7
3/20/01
HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Gaming Revenue	28,333,194	30,429,850	31,707,904	33,039,636
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	7,398,417	7,398,417	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0	0	0
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,089,220	2,089,220	2,089,220	2,089,220
Total Revenue Impacts	**212,804,340**	**199,228,085**	**199,196,604**	**199,239,682**

State G.F. Expenditure Impact - Entitlement Growth Rate of 3.0%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,029,093)	(36,079,966)	(37,162,365)	(38,277,236)
Cities	(45,296,073)	(46,654,955)	(48,054,603)	(49,496,241)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(1,200,000)	(1,200,000)	(600,000)	(600,000)
Schools K-12 replacement of revenue	(64,472,774)	(63,837,690)	(63,209,135)	(62,587,208)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement	(10,453,307)	(7,842,980)	(5,232,653)	(2,622,326)
County Transportation	(2,263,149)	(2,238,757)	(2,214,365)	(2,189,973)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
HB138 amended	0	(28,446)	(29,299)	(30,178)
HB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(201,668,127)**	**(201,883,005)**	**(202,513,709)**	**(203,848,447)**

Impact to State

Category	2003 Biennium	2005 Biennium	Two-Biennium Total
Revenue	412,032,425	398,436,286	810,468,711
Expenses	(403,551,131)	(406,362,157)	(809,913,288)
Net Change	**8,481,294**	**(7,925,871)**	**555,423**

HB124 Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	5,742,983	5,829,128	11,572,111	5,916,565	6,005,313	11,921,878
Motor Vehicles - All Other	75,484,466	76,616,733	152,101,199	77,765,984	78,932,474	156,698,458
Gaming Revenue	28,333,194	30,429,850	58,763,044	31,707,904	33,039,636	64,747,540
District Court Fees	1,906,941	1,906,941	3,813,882	1,906,941	1,906,941	3,813,882
Financial Institutions Tax	7,398,417	7,398,417	14,796,834	7,398,417	7,398,417	14,796,834
Alcohol-Related Taxes	4,116,407	4,213,185	8,329,592	4,312,238	4,413,620	8,725,859
All Other Impacts	2,089,220	2,089,220	4,178,440	2,089,220	2,089,220	4,178,440
Total Revenue Impacts	125,071,628	128,483,474	253,555,102	131,097,269	133,785,621	264,882,890

HB124 Impacts of Proposed Funding Shifts on State Government
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	1.50%	1.50%	-	1.50%	1.50%	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	0.00%	0.00%	-	0.00%	0.00%	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	1.50%	2.73%	-	2.03%	2.05%	-

Counties (includes road fund)
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(23,054,729)	(22,138,307)	(45,193,036)	(21,221,886)	(20,305,465)	(41,527,350)
Motor Vehicles - District Courts	0	0	0	0	0	0
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(56,806,057)	(29,043,682)	(29,479,338)	(58,523,020)
Gaming Revenue	(6,593,134)	(7,081,026)	(13,674,160)	(7,378,429)	(7,688,323)	(15,066,752)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,562,900)	(1,562,900)	(3,125,800)	(1,562,900)	(1,562,900)	(3,125,800)
Alcohol-Related Taxes	(466,818)	(477,793)	(944,610)	(489,026)	(500,523)	(989,549)
All Other Impacts	(1,382,501)	(1,382,501)	(2,765,002)	(1,382,501)	(1,382,501)	(2,765,002)
Total Current Law Revenue	(61,251,673)	(61,256,992)	(122,508,665)	(61,078,424)	(60,919,049)	(121,997,473)
District Court Expenditure	13,109,812	13,499,173	26,608,985	13,900,099	14,312,932	28,213,031
Welfare Expenditure	15,240,116	15,618,204	30,858,320	16,005,672	16,402,752	32,408,424
Total Current Law Expenditure	28,349,928	29,117,377	57,467,305	29,905,771	30,715,684	60,621,455
Revenue Net Expenditures	(32,901,745)	(32,139,615)	(65,041,360)	(31,172,653)	(30,203,365)	(61,376,019)
HB124 Entitlement	35,029,093	36,079,966	71,109,059	37,162,365	38,277,236	75,439,601
Difference	2,127,348	3,940,351	6,067,699	5,989,712	8,073,871	14,063,582

Counties (includes road fund)
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.82%	-3.97%	-	-4.14%	-4.32%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	-0.58%	0.01%	-	-0.29%	-0.26%	-
District Court Expenditure	2.97%	2.97%	-	2.97%	2.97%	-
Welfare Expenditure	2.48%	2.48%	-	2.48%	2.48%	-
Total Current Law Expenditure	2.71%	2.71%	-	2.71%	2.71%	-
Revenue Net Expenditures	-3.26%	-2.32%	-	-3.01%	-3.11%	-
HB124 Entitlement	3.00%	3.00%	-	3.00%	3.00%	-
Difference	6.26%	5.32%		6.01%	6.11%	

Cities
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(5,906,554)	(5,684,006)	(11,590,560)	(5,461,459)	(5,238,912)	(10,700,370)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(22,558,447)	(11,533,636)	(11,706,640)	(23,240,276)
Gaming Revenue	(21,740,060)	(23,348,824)	(45,088,884)	(24,329,475)	(25,351,313)	(49,680,787)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,680,400)	(1,680,400)	(3,360,800)	(1,680,400)	(1,680,400)	(3,360,800)
Alcohol-Related Taxes	(3,649,589)	(3,735,392)	(7,384,982)	(3,823,213)	(3,913,097)	(7,736,310)
All Other Impacts	(256,186)	(256,186)	(512,372)	(256,186)	(256,186)	(512,372)
Total Current Law Revenue	(44,428,048)	(46,067,997)	(90,496,045)	(47,084,368)	(48,146,548)	(95,230,916)
HB124 Entitlement	45,296,073	46,654,955	91,951,028	48,054,603	49,496,241	97,550,844
Difference	868,025	586,958	1,454,983	970,235	1,349,693	2,319,928

Cities
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.63%	-3.77%	-	-3.92%	-4.07%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Current Law Revenue	-1.03%	-3.69%	-	2.21%	2.26%	-
HB124 Entitlement	3.00%	3.00%	-	3.00%	3.00%	-
Difference	-1.97%	-0.69%	-	0.79%	0.74%	-

Schools
Comparison of Current Law Revenue Flow and HB124 Block Grant

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(31,564,979)	(30,494,576)	(62,059,555)	(29,424,172)	(28,353,768)	(57,777,940)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other		(29,456,593)	(58,477,867)	(29,898,442)	(30,346,918)	(60,245,360)
Gaming Revenue	0	0	0	0	0	0
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(3,454,946)	(3,454,946)	(6,909,892)	(3,454,946)	(3,454,946)	(6,909,892)
DNRC-PILT	(336,347)	(336,347)	(672,694)	(336,347)	(336,347)	(672,694)
Alcohol-Related Taxes	0	0	0	0	0	0
State Aeronautics Fee	(95,229)	(95,229)	(190,458)	(95,229)	(95,229)	(190,458)
Change in Current Law Revenue	[illegible]	[illegible]	[illegible]	[illegible]	(62,587,208)	(125,796,344)
HB124 Block Grant	65,114,292	65,114,292	130,228,584	65,114,292	65,114,292	130,228,584
Gain	[illegible]	[illegible]	[illegible]	[illegible]	2,527,084	4,432,240

Schools
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.28%	-3.39%	-	-3.51%	-3.64%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	-	-	-	-	-	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
DNRC-PILT	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	-	-	-	-	-	-
State Aeronautics Fee	0.00%	0.00%	-	0.00%	0.00%	-
Change in Current Law Revenue	[illegible]	[illegible]	[illegible]	-0.96%	-0.96%	-
HB124 Block Grant	[illegible]	[illegible]	[illegible]	0.00%	0.00%	-
Gain	[illegible]	[illegible]	[illegible]	0.96%	0.96%	-

Ex 8
3/20/01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee **(growth allocation)**

Prepared by Gregory Petesch
March 20, 2001 (3:42PM)

1. Page 3, line 20.
Following: "(4)"
Insert: "(a)"

2. Page 3, line 22.
Following: line 21
Insert: "(b)(i) The amount of money representing the growth factor in the entitlement share must be calculated separately for:

(A) counties and consolidated local governments; and

(B) incorporated cities and towns.

(ii) The amount of money representing the growth factor in the entitlement share for counties and consolidated local governments is allocated as follows:

(A) 50% of the growth factor must be allocated to counties and consolidated local governments based upon each governments percentage of the entire entitlement share for all counties and consolidated local governments; and

(B) 50% of the growth factor must be allocated to each county or consolidated local government based upon the percentage that each county's or consolidated local government's population bears to the state population as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) The amount of money representing the growth factor in the entitlement share for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth factor must be allocated to incorporated cities and towns based upon each city or town's percentage of the entire entitlement share; and

(B) 50% of the growth factor must be allocated to each incorporated city or town based upon the percentage that each city or town's population bears to the percentage of the state's population residing within incorporated city's and town's as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census."

EX 4
3/20/01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee

Prepared by Gregory Petesch
March 20, 2001 (10:07AM)

1. Title, page 1, line 11.
Following: "ALLOCATIONS;"
Insert: "CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS;"

2. Title, page 1, line 13.
Strike: "ELIMINATING"
Insert: "INCLUDING"

3. Title, page 1, line 14.
Strike: "AND LAND OWNED BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS"
Insert: "IN THE ENTITLEMENT SHARE CALCULATION"

4. Page 188, line 20.
Strike: "77-1-501, 77-1-502, 77-1-503, 77-1-504,"

- END -

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Ex 10
3/20/01
HB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee

Prepared by Gregory Petesch
March 19, 2001 (1:00PM)

1. Title, page 2, line 10.
Strike: "23-5-612,"

2. Page 86, line 27.
Following: "~~23-5-612,~~"
Insert: "23-5-612;"

3. Page 118, line 22 through page 119, line 10.
Strike: section 162 in its entirety
Renumber: subsequent sections

- END -

EXH 11
3/20/01
SB 124

Amendments to House Bill No. 124
1st Reading Copy

For the House Local Government Committee

Prepared by Gregory Petesch
March 19, 2001 (10:44AM)

1. Page 184, line 24 through page 186, line 20.
Strike: line 24 through line 20 in their entirety
Insert: "

Beaverhead	$80,727	$47,294	$57,659	$33,780
Big Horn	77,447	45,680	46,523	27,441
Blaine	76,621	12,770	53,653	8,942
Broadwater	0	91,649	0	75,672
Carbon	42,553	80,412	34,377	64,963
Carter	8,116	4,539	3,673	2,054
Cascade	323,422	178,686	251,476	138,937
Chouteau	69,171	37,653	45,206	24,607
Custer	70,943	33,196	56,123	26,261
Daniels	0	32,353	0	9,672
Dawson	77,150	34,912	45,667	20,665
Deer Lodge	34,633	14,778	25,465	10,866
Fallon	0	0	0	0
Fergus	123,340	81,665	88,585	58,653
Flathead	522,254	276,994	431,450	228,833
Gallatin	370,480	175,786	301,887	143,240
Garfield	12,412	10,232	7,144	5,889
Glacier	78,361	33,351	53,586	22,806
Golden Valley	0	16,746	0	11,496
Granite	13,646	46,566	11,325	38,648
Hill	141,335	81,653	108,625	62,755
Jefferson	117,517	59,951	71,774	36,615
Judith Basin	5,040	17,507	2,523	8,763
Lake	172,810	139,366	156,930	126,559
Lewis and Clark	327,597	201,564	289,078	177,864
Liberty	15,338	12,782	5,511	4,593
Lincoln	72,625	98,326	47,729	64,619
Madison	0	97,554	0	78,367
McCone	18,252	12,442	5,115	3,487
Meagher	10,399	8,132	6,284	4,914
Mineral	0	28,854	0	15,069
Missoula	445,729	331,926	253,697	188,923
Musselshell	32,355	22,758	26,326	18,517
Park	150,193	79,577	131,858	69,863
Petroleum	0	16,598	0	12,995
Phillips	10,043	90,929	6,147	55,655
Pondera	74,719	56,463	54,524	41,203

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Powder River	14,224	11,348	0	0
Powell	71,372	23,211	61,349	19,952
Prairie	0	25,354	0	15,372
Ravalli	80,870	160,889	69,499	138,268
Richland	70,963	25,700	14,180	5,135
Roosevelt	83,692	71,023	63,900	54,227
Rosebud	354,727	282,481	338,145	269,277
Sanders	199,229	124,792	191,238	119,787
Sheridan	0	47,488	0	3,290
Silver Bow	223,241	126,482	169,182	95,854
Stillwater	91,202	75,689	81,464	67,607
Sweet Grass	36,400	35,741	30,129	29,584
Teton	56,345	40,530	36,245	26,072
Toole	42,930	50,933	22,043	26,152
Treasure	0	17,010	0	10,395
Valley	16,798	96,104	10,872	62,203
Wheatland	19,177	11,081	13,169	7,609
Wibaux	0	8,474	0	0
Yellowstone	1,063,326	607,615	760,595	434,626
Totals	$5,999,723	$4,453,585	$4,541,931	$3,309,596"

2. Page 186, line 27 through page 187, line 27.
Strike: line 27 through line 27 in their entirety
Insert: "

Beaverhead	$35,940	$35,940
Big Horn	60,303	60,303
Blaine	14,601	14,601
Broadwater	17,464	17,464
Carbon	29,164	29,164
Carter	10,067	10,067
Cascade	95,360	95,360
Chouteau	38,902	38,902
Custer	9,920	9,920
Daniels	26,650	26,650
Dawson	28,907	28,907
Deer Lodge	15,975	15,975
Fallon	34,849	19,656
Fergus	71,699	71,699
Flathead	101,290	101,290
Gallatin	95,017	95,017
Garfield	21,461	21,461
Glacier	44,466	44,466
Golden Valley	4,958	4,958
Granite	9,094	9,094
Hill	58,525	58,525

Jefferson	49,927	49,927
Judith Basin	22,199	22,199
Lake	76,390	76,390
Lewis and Clark	64,171	64,171
Liberty	18,706	18,706
Lincoln	66,522	66,522
Madison	26,594	26,594
McCone	20,107	20,107
Meagher	6,218	6,218
Mineral	9,429	9,429
Missoula	118,387	118,387
Musselshell	18,052	18,052
Park	35,214	35,214
Petroleum	10,992	10,992
Phillips	40,748	40,748
Pondera	28,698	28,698
Powder River	27,508	25,623
Powell	19,383	19,383
Prairie	11,896	11,896
Ravalli	68,785	68,785
Richland	61,592	61,592
Roosevelt	34,372	34,372
Rosebud	100,172	100,172
Sanders	74,890	74,890
Sheridan	39,176	39,176
Silver Bow	24,545	24,545
Stillwater	30,949	30,949
Sweet Grass	17,244	17,244
Teton	36,387	36,387
Toole	23,620	23,620
Treasure	6,915	6,915
Valley	35,583	35,583
Wheatland	11,186	11,186
Wibaux	9,969	3,110
Yellowstone	192,011	192,011
Totals	$2,263,149	$2,239,212"

3. Page 188, line 7.
Strike: "$64,950,619" through "2003"
Insert: "$130,228,584 for the biennium ending June 30, 2003,"

4. Page 188, line 9.
Strike: "$10,419,699"
Insert: "$10,453,308"

5. Page 188, line 10.
Strike: "$7,798,815"
Insert: "$7,851,527"

6. Page 188, line 12.
Strike: "$2,265,148"
Insert: "$2,263,149"

7. Page 188, line 13.
Strike: "$2,240,756"
Insert: "$2,239,212"

- END -

HOUSE OF REPRESENTATIVE
ROLL CALL

LOCAL GOVERNMENT COMMITTEE

DATE 3/20/01

NAME	PRESENT	ABSENT	EXCUSED
REP. MARK NOENNIG, CHAIR	✓		
REP. ROD BITNEY V.C. MAJORITY	X		
REP. JEFF MANGAN, V C .MINORITY	X		
REP. JOAN ANDERSEN	X		
REP. LARRY CYR	X		
REP. D.HEMMELBERGER		X	
REP. RICK LAIBLE	X		
REP. BOB LAWSON	X		
REP. BRAD NEWMAN	X		
REP. BILL PRICE	X		
REP. JAMES WHITAKER	X		
REP. JOHN ESP	X		
REP. CINDY YOUNKIN	X		
REP. EILEEN CARNEY	X		
REP. HAL JACOBSON	X		
REP. JESSE LASLOVICH	X		
REP. MICHELLE LEE	[illegible]	X	Late 3:4/ken
REP. KEN PETERSON	X		

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

LOCAL GOVERNMENT COMMITTEE

DATE 3/20/01 Bill NO. HB124 NUMBER

MOTION: Mangan do pass as amended - 13-5 13-5

Name	AYE	NO
REP. MARK NOENNIG	X	
REP. ROD BITNEY, V C MAJORITY	X	
REP. JEFF MANGAN, V C MINORITY	X	
REP. JOAN ANDERSON	X	
REP. LARRY CYR		X
REP. DENNIS HIMMELBERGER	X	
REP. RICK LAIBLE	X	
REP. BOB LAWSON		X
REP. JAMES WHITAKER	X	
REP. JOHN ESP	X	
REP. BRAD NEWMAN		X
REP. JESSE LASLOVICH		X
REP. HAL JACOBSON	X	
REP. CINDY YOUNKIN		X
REP. BILL PRICE	X	
REP.KEN PETERSON	X	
REP. EILEEN CARNEY	X	
REP. MICHELLE LEE	X	

HOUSE STANDING COMMITTEE REPORT

Mr. Speaker:

We, your committee on **Local Government** recommend that **House Bill 124** (first reading copy – white) **do pass as amended.**

Signed: _____
Representative Mark Noennig, Chair

And, that such amendments read:

1. Title, page 1, line 11.
Following: "ALLOCATIONS;"
Insert: "CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS;"

2. Title, page 1, line 13.
Strike: "ELIMINATING"
Insert: "INCLUDING"

3. Title, page 1, line 14.
Strike: "AND LAND OWNED BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS"
Insert: "IN THE ENTITLEMENT SHARE CALCULATION"

4. Title, page 1, line 18.
Strike: "PAYMENTS"
Insert: "BLOCK GRANTS"

5. Title, page 1, line 21.
Following: "TRANSPORTATION"
Insert: "BLOCK GRANTS"
Following: "RETIREMENT"
Insert: "BLOCK GRANTS"

Committee Vote:
Yes 13, No 5.

6. Title, page 1, line 23.
Strike: "7-6-2348,"

7. Title, page 1, line 24.
Strike: "7-6-2502,"

8. Title, page 1, line 25.
Strike: "7-6-4259,"

9. Title, page 1, line 26, through page 1, line 28.
Strike: "7-12-2105," on line 26 through "7-13-4406," on line 28

10. Title, page 2, line 5.
Following: "15-16-117,"
Insert: "15-24-303, 15-24-902, 15-24-904,"

11. Title, page 2, line 6.
Strike: "17-3-221, 17-3-222,"
Following: "17-7-502,"
Insert: "19-6-709,"

12. Title, page 2, line 7.
Strike: "20-6-413,"

13. Title, page 2, line 9.
Strike: "23-2-817,"

14. Title, page 2, line 10.
Strike: "23-5-612,"

15. Title, page 2, line 11.
Following: "53-2-207,"
Insert: "53-2-301,"
Following: "53-2-304,"
Strike: "53-2-801,"
Insert: "53-2-612,"

16. Title, page 2, line 13.
Strike: "61-3-422,"
Strike: "61-3-453,"
Following: "61-3-524,"
Insert: "61-3-527,"

17. Title, page 2, line 16.
Following: "76-15-623,"
Insert: "77-1-502, 77-1-503, 77-1-504,"
Following: "80-2-205,"
Insert: "80-2-206,"

18. Title, page 2, line 18.
Following: "80-2-230,"
Insert: "80-2-231,"

19. Title, page 2, line 19.
Following: "81-6-210,"
Insert: "81-7-104, 81-7-113, 81-7-114,"

20. Title, page 2, line 24.
Following: "20-25-1007,"
Insert: "52-1-110, 53-2-302, 53-2-306,"
Following: "53-2-322,"
Insert: "53-2-610, 53-2-801, 53-2-802, 53-2-803, 53-2-811, 53-2-812, 53-2-813, 53-4-246, 53-4-247,"

21. Title, page 2, line 25.
Strike: "77-1-501, 77-1-502, 77-1-503, 77-1-504,"

22. Title, page 2, line 26.
Following: "80-2-223,"
Insert: "AND"
Strike: "87-1-603, AND 87-1-604,"

23. Page 3, lines 1 through 4.
Following: "**payment**" on line 1
Insert: "**-- appropriation**"
Following: "(1)" on line 1
Strike: remainder of line 1 through "." on line 4

24. Page 3, line 5.
Following: "."
Insert: "The department shall estimate each local government's base component for the fiscal year ending June 30, 2001, in an amount equal to the revenue that the local government received from the following sources prior to the passage of [this act]:
(a) personal property tax reimbursements pursuant to:
(i) sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

(ii) 15-1-111; and
(iii) 15-1-112;
(b) vehicle and boat taxes and fees pursuant to:
(i) Title 23, chapter 2, part 5;
(ii) Title 23, chapter 2, part 6;
(iii) Title 23, chapter 2, part 8;
(iv) 61-3-321;
(v) Title 61, chapter 3, part 5, except for 61-3-537; and
(vi) Title 61, chapter 3, part 7;
(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
(d) district court fees pursuant to:
(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
(ii) 25-1-202;
(iii) 25-1-1103;
(iv) 25-9-506;
(v) 25-9-804; and
(vi) 27-9-103;
(e) certificate of ownership fees for manufactured homes pursuant to 15-1-116;
(f) financial institution taxes pursuant to Title 15, chapter 31, part 7;
(g) coal severance taxes allocated for county land planning pursuant to 15-35-108;
(h) all beer, liquor, and wine taxes pursuant to:
(i) 16-1-404;
(ii) 16-1-406; and
(iii) 16-1-411;
(i) late filing fees pursuant to 61-3-201;
(j) title and registration fees pursuant to 61-3-203;
(k) disabled veterans flat license plate fees and purple heart license plate fees pursuant to 61-3-332;
(l) county personalized license plate fees pursuant to 61-3-406;
(m) special mobile equipment fees pursuant to 61-3-431;
(n) single movement permit fees pursuant to 61-4-310;
(o) state aeronautics fees pursuant to 67-3-101; and
(p) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5."

25. Page 3, lines 6 through 17.
Strike: subsection (2) in its entirety
Insert: "(2) The department shall deduct from the amount calculated pursuant to subsection (1), the increased costs for the state assumption of district court expenses provided for in 3-5-901 and the increased state costs for the assumption of public assistance.
(3) (a) By July 1 of each year, the department shall calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:
(i) The department shall calculate the average annual growth

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rate of Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(ii)(A).

(b) (i) For fiscal years 2002 through 2005, the entitlement share pool growth rate for the first year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B).

(ii) The entitlement share pool growth rate for the second year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(c) (i) For fiscal year 2006 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B).

(ii) The entitlement share pool growth rate for the second year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).""

Renumber: subsequent subsections

26. Page 3, line 19.
Following: "."
Insert: "A local government does not include a tax increment financing district provided for in subsection (6). A local government receiving an entitlement share shall take into account revenue received on behalf of a special district."

27. Page 3, line 20.
Following: "(4)"
Insert: "(a)"

28. Page 3, line 21.
Following: "."
Insert: "The distributions must be made on a quarterly basis beginning September 15, 2001. For the fiscal year beginning July 1, 2001, the department may not include a financial institution tax reimbursement in the entitlement share for a local government or school district unless the local government or school district accrued the revenue from that tax in fiscal year 2000."

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29. Page 3, line 22.
Following: line 21
Insert: "(b) (i) The amount of money representing the growth factor in the entitlement share must be calculated separately for:
(A) counties and consolidated local governments; and
(B) incorporated cities and towns.
(ii) The amount of money representing the growth factor in the entitlement share for counties and consolidated local governments is allocated as follows:
(A) 50% of the growth factor must be allocated to counties and consolidated local governments based upon each county's or consolidated local government's percentage of the entire entitlement share for all counties and consolidated local governments; and
(B) 50% of the growth factor must be allocated to each county or consolidated local government based upon the percentage that each county's or consolidated local government's population bears to the state population as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.
(iii) The amount of money representing the growth factor in the entitlement share for incorporated cities and towns must be allocated as follows:
(A) 50% of the growth factor must be allocated to incorporated cities and towns based upon each city's or town's percentage of the entire entitlement share for all incorporated cities and towns; and
(B) 50% of the growth factor must be allocated to each incorporated city or town based upon the percentage that each city's or town's population bears to the percentage of the state's population residing within incorporated cities and towns as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census."

30. Page 3, line 23.
Following: "district"
Insert: "referred to in subsection (6)(b)"

31. Page 3, lines 26 and 27.
Following: "(b)" on line 26
Insert: "One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and the other half by May 31 of each year."
Strike: "(5)(a)" on line 26
Insert: "(6)(a)"
Following: "districts" on line 26

Strike: remainder of line 26 through "government" on line 27

32. Page 4, line 14.
Insert: "(c) The entitlement share for industrial tax increment financing districts is as follows:
(i) for fiscal years 2002 and 2003:
Missoula County Airport Industrial $4,812
Silver Bow Ramsay Industrial 1,195,188;
(ii) for fiscal years 2004 and 2005:
Missoula County Airport Industrial $2,406
Silver Bow Ramsay Industrial 597,594; and
(iii) $0 for all succeeding fiscal years.

(7) The estimated entitlement share base for local governments does not include revenue received from countywide transportation block grants or from countywide retirement block grants.

(8) The estimates for the entitlement share base in subsection (1) must be calculated as if the fees in Chapter 515, Laws of 1999, were in effect for all of fiscal year 2001.

(9) (a) If revenue that is included in the entitlement share under subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss from the entitlement share beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (9)(a), a significant reduction is a loss that causes the amount of revenue received in the current year to be less than 95% of the amount of revenue received in the base year."

33. Page 5, line 1 through line 26.
Strike: "-- **appropriation**"
Following: "." on line 1
Strike: remainder of line 1 through line 26 in their entirety
Insert: "(1) There is transferred from the state general fund to the adoption services account, provided for in 42-2-105, $33,422 for fiscal year 2002 and $36,764 for fiscal year 2003. Beginning with fiscal year 2004, the amount of the transfer must be increased by 10% in each succeeding fiscal year.

(2) There is transferred from the state general fund to the department of transportation state special revenue nonrestricted account the following amounts:
(a) $3,641,987 in fiscal year 2002;
(b) $3,696,617 in fiscal year 2003;
(c) $3,752,066 in fiscal year 2004; and
(d) in each succeeding fiscal year, the amount in subsection (2)(d), increased by 1.5% in each succeeding fiscal year.

(3) For fiscal year 2002 and for each succeeding fiscal

year, there is transferred from the state general fund to the accounts, entities, or recipients indicated the following amounts:

(a) to the motor vehicle recycling and disposal program provided for in Title 75, chapter 10, part 5:

(i) $1.50 for each new application for a motor vehicle title and for each transfer of a motor vehicle title, as provided for in 61-3-508; and

(ii) 50 cents for each passenger car or truck under 8,001 pounds GVW registered for licensing, as provided for in 61-3-508;

(b) to the noxious weed state special revenue account provided for in 80-7-816:

(i) $1 for each off-highway vehicle subject to payment of the fee in lieu of tax, as provided for in 23-2-803; and

(ii) $1.50 for each motor vehicle subject to registration or reregistration pursuant to 61-3-510;

(c) to the department of fish, wildlife, and parks:

(i) $2.50 for each motorboat, sailboat, or personal watercraft receiving a certificate of number under 23-2-512;

(ii) $5 for each snowmobile registered under 23-2-616;

(iii) $1 for each duplicate snowmobile decal issued under 23-2-617;

(iv) $5 for each off-highway vehicle decal issued under 23-2-804 and each off-highway vehicle duplicate decal issued under 23-2-809; and

(v) $3.50 for each recreational vehicle, camper, motor home, and travel trailer registered or reregistered and subject to the fee in 61-3-512;

(d) to the state veteran's cemetery account, provided for in 10-2-603, $10 for each veteran's license plate issued pursuant to 61-3-332; and

(e) to the supplemental benefits for highway patrol officers' retirement account provided for in 19-6-709, 25 cents for each motor vehicle, other than trailers or semitrailers registered in other jurisdictions and registered through a proportional registration agreement.

(4) For each fiscal year, beginning with fiscal year 2002, the department of justice shall provide to the department of revenue a count of the vehicles required for the calculations in subsection (3). Transfer amounts for fiscal year 2002 must be based on vehicle counts for calendar year 2000. Transfer amounts in each succeeding fiscal year must be based on vehicle counts in the most recent calendar year for which vehicle information is available."

Renumber: subsequent subsection

34. Page 7, line 29.
Following: "~~(11).~~"
Insert: "There must be paid into this account the filing fees paid under 25-1-201(3)(a) and (6)."

35. Page 18, line 10 through line 20.

Strike: section 23 in its entirety
Renumber: subsequent sections

36. Page 18, line 30 through page 19, line 10.
Strike: section 25 in its entirety
Renumber: subsequent sections

37. Page 20, line 12.
Strike: "The"
Insert: "Subject to 15-10-420, the"

38. Page 21, line 28 through page 22, line 8.
Strike: section 33 in its entirety
Renumber: subsequent sections

39. Page 27, line 17 through page 42, line 13.
Strike: section 44 through section 63 in their entirety
Renumber: subsequent sections

40. Page 66, line 7.
Following: "not exceed"
Insert: "an amount equal to the actual cost paid, up to"
Following: "$70"
Insert: ","

41. Page 66, line 27.
Following: "~~and~~"
Insert: "veterans' license plate sales and"

42. Page 71, line 7.
Strike: "taxable value of"
Insert: "revenue generated by"

43. Page 71, line 24.
Following: "20-5-324(5)"
Insert: "or 20-6-413"

44. Page 73, line 19.
Strike: "and"

45. Page 73, line 22.
Following: "~~improvements~~"
Insert: "; and
(f) the dissolution or termination of a tax increment

financing district"

46. Page 73, lines 23 through 25.
Following: "(4)" on line 23
Strike: remainder of line 23 through "(b)" on line 25

47. Page 73, line 28.
Following: "20-5-324(5)"
Insert: "or 20-6-413"

48. Page 75, line 7.
Insert: "Section 98. Section 15-24-303, MCA, is amended to read:

"15-24-303. (Temporary) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock ~~assessed~~ for which a fee is imposed under 15-24-902(2).

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613.

15-24-303. (Effective January 1, 2003) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock subject to the per capita ~~levy~~ fee under 15-24-921.

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613.""
Insert: "Section 99. Section 15-24-902, MCA, is amended to read:

"15-24-902. (Temporary) ~~Assessment~~ Number of livestock ~~-- election for assessment on average inventory basis~~. (1) Except as provided in subsection (2), the department of revenue shall ~~assess~~ determine the number of all nonexempt livestock in each county where they are located on February 1 of each year. The livestock must be ~~assessed~~ assigned to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.

(2) An owner of livestock may elect to have a fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis as provided in 15-24-927. The owner shall file an election with the department on the statement required under 15-24-903. An owner of livestock making an election to have a fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis is bound by that election for 6 years. After 6 years, the election to have a

fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis remains in effect unless the owner otherwise notifies the department before February 1.

15-24-902. (Effective January 1, 2003) ~~Assessment~~ Number of livestock. The department shall ~~assess~~ determine the number of livestock for the purposes of the per capita ~~levy~~ fee imposed under 15-24-921 in each county where they are located on February 1 of each year. The livestock must be ~~assessed~~ assigned to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.""

Insert: "Section 100. Section 15-24-904, MCA, is amended to read:

"15-24-904. (Temporary) Penalty for violation of law. If any person, company, or corporation who is the owner or is in charge of any livestock within this state fails to make the statement or statements as provided in 15-24-903, the department shall, after 10 days' notice to the person who failed to file the report, assess the penalty provided in 15-8-309.

15-24-904. (Effective January 1, 2003) Penalty for violation of law. If a person, company, or corporation who is the owner or is in charge of livestock within this state fails to make the statement or statements as provided in 15-24-903, the department shall, after 10 days' notice to the person who failed to file the report, access the penalty provided in 15-8-309 ~~for the~~ on the per capita ~~levy~~ fee, as provided in 15-24-921.""

Renumber: subsequent sections

49. Page 75, line 24.
Strike: "counties"
Insert: "department"

50. Page 76, line 14.
Strike: "counties"
Insert: "department"

51. Page 76, line 26.
Following: "Reimbursement to"
Strike: "county"
Insert: "department"
Strike: "from county"

52. Page 76, line 27.
Strike: the first "treasurer"
Following: "The"
Strike: "county treasurer"
Insert: "department"

53. Page 76, line 28.
Strike: "to the county"

54. Page 76, line 29 through page 77, line 2.
Following: "(2)" on line 29
Strike: remainder of line 29 through "." on page 77, line 2
Strike: "county treasurer"
Insert: "department"

55. Page 77, lines 4 and 5.
Strike: "state treasurer" on line 4
Insert: "department of livestock"
Following: "by the" on line 4
Strike: remainder of line 4 through "treasurer" on line 5
Insert: "department"

56. Page 85, line 27 through page 86, line 11.
Strike: sections 129 and 130 in their entirety
Renumber: subsequent sections

57. Page 86, line 25.
Following: "~~17-3-222,~~"
Insert: "17-3-222;"

58. Page 86, line 26.
Strike: "19-6-709;"

59. Page 86, line 27.
Following: "~~23-5-612,~~"
Insert: "23-5-612;"

60. Page 87, line 14.
Insert: **"Section 110.** Section 19-6-709, MCA, is amended to read:
"19-6-709. (Temporary) Supplemental benefits for certain retirees. (1) In addition to any retirement benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and each succeeding year as long as the member remains eligible.
(2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit before July 1, 1991, may not be covered by 19-6-710, and must be:
(a) a retired member who is 55 years of age or older and who has been receiving a service retirement benefit for at least 5 years prior to the date of distribution;
(b) a survivor of a member who would have been eligible under subsection (2)(a); or
(c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

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(3) A retired member otherwise qualified under this section who is employed in a position covered by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for in this section until the member's service in the covered position is terminated. Upon termination of the member's covered service, the retired member becomes eligible in the next fiscal year succeeding the member's termination.

(4) ~~(a) An amount equal to 25 cents of each motor vehicle registration fee provided for in 61-3-321(5) must be paid from the general fund to the pension trust fund at the end of each fiscal year. The payment is statutorily appropriated, as provided in 17-7-502, to the pension fund for payment of benefits to eligible recipients. The total funds must be distributed by the board in lump-sum payments to eligible recipients along with their normal retirement benefit payment.~~

~~(b)~~ The lump-sum payment must be distributed proportionally to all eligible recipients based on service credit at the time of retirement, subject to the following:

~~(i)~~ (a) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes of the distributions;

~~(ii)~~ (b) any recipient of a service retirement benefit exceeding the maximum monthly benefit under 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

~~(iii)~~ (c) the maximum annual increase in the amount of supplemental benefits paid to each individual under this section is the percentage increase for the previous calendar year in the annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor statistics of the United States department of labor or its successor agency.

~~(c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used to amortize unfunded liabilities of the retirement system.~~

~~(5) Every 10 years following July 1, 1991, the board shall review the size of the additional fee collected under 61-3-321(5) and paid to the pension trust fund in accordance with subsection (4)(a) and recommend to each legislature following the board's review any legislation necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits provided by this section.~~ (Terminates upon death of last eligible recipient--sec. 1, Ch. 567, L. 1991.)""

Renumber: subsequent sections

61. Page 89, line 20 through page 90, line 10.
Strike: section 138 in its entirety
Renumber: subsequent sections

62. Page 92, line 24.
Strike: "and"

63. Page 92, line 25.
Following: "15-23-703"
Insert: "; and
(vi) school district block grants distributed under [section 243]"

64. Page 93, line 24.
Insert: "Section 120. Section 20-9-141, MCA, is amended to read:
"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:
(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:
(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and
(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.
(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:
(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;
~~(ii) 98% of actual amounts received in fiscal year 1999 for light vehicle taxes under 61-3-504;~~
~~(iii)~~ (ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:
~~(A) revenue from taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204;~~
~~(B)~~ (A) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and
~~(C)~~ (B) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid;
~~(iv)~~ (iii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2);
~~(v)~~ (iv) anticipated oil and natural gas production taxes; and
~~(vi)~~ (v) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703 ~~and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999; and~~
~~(vii) anticipated revenue from corporation license taxes~~

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~~collected from financial institutions under the provisions of 15-31-702~~.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the current total taxable valuation of the district, as certified by the department of revenue under 15-10-202, divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703 ~~and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999~~."

Renumber: subsequent sections

65. Page 97, line 5.
Following: line 4
Insert: "(iv) countywide school retirement block grants distributed under [section 244];"
Renumber: subsequent subsections

66. Page 98, line 14.
Insert: "Section 125. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of a district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions

shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems. The district's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year~~, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204~~;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;

(iv) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(v) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education

cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set the county levy or district levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(9) The levy for a community college district may be applied only to property within the district.""

Renumber: subsequent sections

67. Page 100, line 12.
Following: line 11
Insert: "(i) school district block grants distributed under [section 243];"
Renumber: subsequent subsections

68. Page 100, line 29.
Insert: "Section 127. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget. Before the second Monday of August, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or $100, whichever is larger, the contingency amount on the budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county revenue to be budgeted on the following basis:

(i) one-half is the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be 50% of the schedule amount attributed to the transportation of special education pupils; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of fund balance for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and fund balance reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of

property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

~~(e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204;~~

~~(f)~~ (e) anticipated revenue from coal gross proceeds under 15-23-703;

~~(g)~~ (f) anticipated oil and natural gas production taxes;

~~(h)~~ (g) anticipated local government severance tax payments for calendar year 1995 production;

~~(i)~~ (h) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

~~(j)~~ (i) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

~~(k)~~ (j) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142.""

Renumber: subsequent sections

69. Page 101, line 28.

Following: line 27
Insert: "(v) countywide school transportation block grants distributed under [section 245];"
Renumber: subsequent subsections

70. Page 102, line 12.
Insert: "**Section 129.** Section 20-10-146, MCA, is amended to read:

"**20-10-146. County transportation reimbursement.** (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be the same as the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year~~, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204~~;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production;

(iv) coal gross proceeds taxes under 15-23-703;

(v) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(vi) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year;

and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments.""

Renumber: subsequent sections

71. Page 104, line 5.
Following: "~~fees,~~"
Insert: "motorcycle safety fees,"

72. Page 105, line 27.
Strike: "$6"
Insert: "$2.50"

73. Page 109, line 9.
Strike: "$6"
Insert: "$5, a registration fee of 50 cents"

74. Page 109, lines 28 and 29.
Following: "to the" on line 28
Strike: remainder of line 28 through "61-3-509" on line 29
Insert: "state general fund"

75. Page 112, line 14 through page 113, line 5.
Strike: section 159 in its entirety
Renumber: subsequent sections

76. Page 118, line 22 through page 119, line 10.
Strike: section 162 in its entirety
Renumber: subsequent sections

77. Page 120, line 10.
Strike: "All"
Insert: "Except as provided in subsections (3) and (5) through (7), all"

78. Page 122, line 7.
Following: line 6
Insert: "(3) (a) Of the fee for filing a petition for dissolution of marriage, $5 must be deposited in the children's trust fund account established in 41-3-702, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714, and $30 must be deposited in the partner and family member assault intervention and treatment fund account established in 40-15-110.

(b) Of the fee for filing a petition for legal separation, $5 must be deposited in the children's trust fund account established in 41-3-702 and $30 must be deposited in the partner and family member assault intervention and treatment fund account established in 40-15-110.

(4) If the moving party files a statement signed by the nonmoving party agreeing not to contest an amendment of a final parenting plan at the time the petition for amendment is filed, the clerk of district court may not collect from the moving party the fee for filing a petition for a contested amendment of a parenting plan under subsection (1)(a).

(5) The clerk of district court shall remit to the credit of the adoption services state special revenue account established in 42-2-105 $70 of the filing fee required in subsection (1)(q).

(6) Of the fee for filing an action or proceeding, except a petition for dissolution of marriage, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714.

(7) The fees collected under subsections (1)(d), (1)(g), and (1)(j) must be deposited in the county district court fund. If a district court fund does not exist, the fees must be deposited in the county general fund for district court operations."

79. Page 126, line 27.
Following: "~~(q)~~"
Insert: "and from the district court filing fee pursuant to 25-1-201(5)"

80. Page 128, line 23.
Insert: "**Section 153.** Section 53-2-301, MCA, is amended to read:

"**53-2-301. County ~~departments~~ offices of public assistance to be established.** There ~~shall~~ must be established in each county of the state~~, except in a county that has transferred its public assistance and protective services responsibilities to the state under the provisions of part 8 of this chapter, a county department of public welfare, which shall consist of a county board of public welfare and such staff personnel as may be necessary for the efficient performance of the~~ one or more local offices of public assistance ~~activities of the county~~. If conditions warrant ~~and if two or more county boards enter into an agreement~~, two or more counties may ~~combine~~ be combined into one

administrative unit and the department may use the same local office of public assistance and staff ~~personnel throughout the administrative unit~~ to administer public assistance in the combined counties."
{Internal References to 53-2-301:
53-2-802*r}""
Renumber: subsequent sections

81. Page 130, lines 2 and 3.
Following: "(2)" on line 2
Strike: remainder of line 2 through "chapter, the" on line 3
Insert: "The"

82. Page 131, lines 8 and 9.
Following: "(2)" on line 8
Strike: remainder of line 8 through "chapter, the" on line 9
Insert: "The"

83. Page 131, line 13 through line 24.
Strike: section 174 in its entirety
Insert: "Section 155. Section 53-2-612, MCA, is amended to read:
"53-2-612. Lien of department or county upon third-party recoveries. (1) Upon notice by the department, a county, or the recipient to a third party or the third party's insurer as provided in subsection (5)(b), the department or county has a lien upon all money paid by a third party or the third party's insurer in satisfaction of a judgment or settlement arising from a recipient's claim for damages or compensation for personal injury, disease, illness, or disability to the extent that the department or county has paid medical assistance on behalf of the recipient for the same personal injury, disease, illness, or disability.

(2) The department or county may, in the name of the recipient on whose behalf medical assistance has been paid by the department or county, commence and prosecute to final conclusion any action that may be necessary to recover from a third party or the third party's insurer compensation or damages for medical assistance paid by the department or county on behalf of the recipient. This section does not affect the right of the recipient to initiate and prosecute to final conclusion an action for damages or compensation in the recipient's own name in accordance with the provisions of this section.

(3) (a) The lien:

(i) applies to all money paid by a third party or a third party's insurer regardless of whether the recovery is allocated by the parties or a court to any particular type or element of damages; and

(ii) is subordinate to the lien of an attorney under 37-61-420.

(b) Unless specifically provided by law, the recipient's

right to recover damages or compensation from a third party or a third party's insurer may not be reduced or denied on the ground that the recipient's costs of medical treatment and medical-related services have been paid by the department or county under any public assistance program.

(c) From the amount collected by the department, county, or recipient from legal proceedings or as a result of settlement, reasonable attorney fees and costs must be first deducted and paid. Unless the department or county and the recipient agree to a different settlement, the amount previously paid as medical assistance by the department or county, less a pro rata share of attorney fees and costs, must be deducted next and paid to the department or county. The remainder, if any, must be paid to the recipient.

(d) In all cases of payment to the department or county out of an amount collected from a third party or insurer on a recipient's claim, the amount of the lien must be reduced by a pro rata share of attorney fees and costs as provided in subsection (3)(c), but the department or county may not be required to participate in payment of attorney fees and costs unless the recipient's claim results in recovery out of which the department or county receives full or partial payment of its lien.

(e) Except as provided in subsections (3)(e)(i) and (3)(e)(ii), the department may not impose a lien under this section upon a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1, or upon the assets of a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1.

(i) The department may impose a lien under this section upon a self-sufficiency trust or upon the assets of a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1, if the department is required by federal law to recover or collect from the trust or its assets as a condition of receiving federal financial participation for the medicaid program.

(ii) To the extent otherwise permitted by this section, the department is not precluded from asserting a claim or imposing a lien upon real or personal property prior to transfer of the property to the trust. If the department imposes a lien upon property prior to transfer to a self-sufficiency trust, any transfer of the property to the trust is subject to the lien.

(4) (a) A recipient of medical assistance or the recipient's legal representative shall notify the department or county by certified letter within 30 days if the recipient or the recipient's legal representative asserts a claim against a third party or a third party's insurer for damages or compensation for a personal injury, disease, illness, or disability for which the department or county paid medical assistance in whole or in part or for which the recipient has applied for medical assistance. The notice must be mailed to the director of the department or the director of the county department that paid medical assistance. At the same time, a copy must be sent by certified mail to the third party or the third party's insurer.

(b) The notice must contain the following information:

(i) the name and address of the recipient and the recipient's legal representative, if any;

(ii) the name and address of the third party alleged to be liable to the recipient;

(iii) the name and address of any known insurer of the third party; and

(iv) the judicial district and docket number of any action filed.

(c) A recipient or the recipient's legal representative who has received actual notice that the department or county has paid medical assistance is liable to the department or county for the amount it is entitled to receive under this section if:

(i) the recipient or the recipient's legal representative fails to timely notify the department or county or fails to mail a copy of the notice to the third party or the third party's insurer; and

(ii) a third party or the third party's insurer that did not receive notice from the department or county as provided for in subsection (5)(b) pays the recipient or the recipient's legal representative without satisfying any lien of the department or county.

(5) (a) If a third party or the third party's insurer that has received notice of the department's or county's lien as provided for in subsection (5)(b) makes payment in whole or in part of the recipient's claim without first satisfying the lien of the department or county, the third party or the third party's insurer is liable to the department or county for the amount the department or county is entitled to receive under this section.

(b) For the purposes of subsection (5)(a), a third party or the third party's insurer has been given notice if:

(i) the department or county mails, by certified mail, to the third party or the third party's insurer:

(A) a statement of the medical assistance paid or that may be paid by the department or county on behalf of the recipient; and

(B) a claim for reimbursement;

(ii) the recipient or the recipient's legal representative mails, by certified mail, to the third party or the third party's insurer:

(A) a copy of the notice required by subsection (4)(a); or

(B) a statement stating that the recipient has applied for or has received medical assistance from the department or county in connection with the same claim; or

(iii) the recipient or the recipient's legal representative has commenced an action against the third party or the third party's insurer for damages or compensation for personal injury, disease, illness, or disability for which the department or county has paid or may pay medical assistance, in whole or in part, and the department or county files in the court in which the action is pending a notice of lien stating that a lien is claimed for medical assistance on any money paid in satisfaction of any judgment in or settlement of the action and that:

(A) medical assistance in a stated amount has been paid by

the department or county on behalf of the recipient; or

(B) medical assistance may be paid on behalf of the recipient.

(6) As used in this section, the following definitions apply:

(a) "County" means a county ~~department of welfare in a county~~ that has ~~not transferred its public assistance responsibilities to the state under the provisions of Title 53, chapter 2, part 8~~ provided medical assistance to a recipient through an indigent assistance program operated at the option of the county.

(b) "Legal representative" means an attorney having or exercising authority on behalf of a recipient with respect to a claim or action to recover damages or compensation from a third party or a third party's insurer.

(c) "Recipient" means a person on whose behalf the department or a county has paid or may pay medical assistance for the cost of medical treatment and medical-related services for personal injury, disease, illness, or disability. If the context allows, the term includes a recipient's legal representative.

(d) "Third party" means an individual, institution, corporation, or public or private agency that is or may be liable to pay all or part of the cost of medical treatment and medical-related services for personal injury, disease, illness, or disability of a recipient of medical assistance from the department or a county and includes but is not limited to insurers, health service organizations, and parties liable or who may be liable in tort.""

Renumber: subsequent sections

84. Page 136, line 7.
Strike: "$6"
Insert: "$5"

85. Page 136, lines 25 and 26.
Following: "(a)" on line 25
Strike: remainder of line 25 through "$18" on line 26
Insert: "light vehicles under 2,850 pounds, $13.25"

86. Page 137, lines 2 and 3.
Strike: ", travel trailers,"" on line 2
Insert: "with a declared weight of less than 2,500 pounds"
Following: "~~and~~" on line 2
Strike: remainder of line 2 through "$12" on line 3
Insert: "$8.25"

87. Page 137, line 11.
Following: "61-3-411"
Strike: ","

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Insert: "that are:
(i) over 2,850 pounds,"

88. Page 137, line 12.
Following: line 11
Insert: "(ii) under 2,850 pounds, $5;"

89. Page 137, line 12.
Strike: "$6"
Insert: "$9;
(e) light vehicles over 2,850 pounds, trucks and buses less than 1 ton, and heavy trucks in excess of 1 ton $18.25;
(f) logging trucks less than 1 ton, $23.25;
(g) motor homes, $21.75;
(h) motorcycles and quadricycles, $9.75;
(i) trailers and semitrailers between 2,500 and 6,000 pounds, $11.25; and
(j) trailers and semitrailers in excess of 6,000 pounds, $16.25"

90. Page 137, line 20 through line 25.
Strike: subsection (3) in its entirety
Insert: "(3) An additional fee of $5 must be collected for the registration of each motorcycle as a safety fee and must be deposited in the state motorcycle safety account provided for in 20-25-1002."

91. Page 138, line 7.
Strike: "Revenue"
Insert: "Except as otherwise provided in this section, revenue"

92. Page 138, line 21.
Strike: "in lieu of the fee provided in"
Strike: "61-3-321(3)"

93. Page 145, line 5.
Strike: "$20"
Insert: "$25"

94. Page 145, line 6.
Following: "~~$10~~"
Insert: "a fee of $10"

95. Page 146, line 9.

Following: "$10"
Insert: "for a vehicle weighing more than 2,850 pounds and $5 for a vehicle weighing 2,850 pounds or less"

96. Page 147, lines 11 through 20.
Strike: section 187 in its entirety
Renumber: subsequent sections

97. Page 147, line 28.
Strike: "$10"
Insert: "$5"

98. Page 148, line 23.
Strike: "$10"
Insert: "$5"

99. Page 149, line 5 through line 11.
Strike: section 190 in its entirety
Renumber: subsequent sections

100. Page 151, line 16.
Strike: "$6"
Insert: "$1"

101. Page 152, line 1.
Insert: "**Section 174.** Section 61-3-527, MCA, is amended to read:

"**61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees -- permanent registration.** (1) (a) There is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer for motorcycles or quadricycles that constitute inventory of the dealership.

(2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle or quadricycle and the size of the engine, as follows:

(a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic centimeter to 600 cubic centimeters is as follows:

(i) less than 5 years old, $30;

(ii) 5 years old and less than 11 years old, $15; and

(iii) 11 years old and older, $6.

(b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic centimeters to 1,000 cubic centimeters is as follows:

(i) less than 5 years old, $55;

(ii) 5 years old and less than 11 years old, $20; and

(iii) 11 years old and older, $6.

(c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic centimeters and larger is as follows:

(i) less than 5 years old, $90;

(ii) 5 years old and less than 11 years old, $50; and

(iii) 11 years old and older, $6.

(3) (a) Except as provided in subsection (3)(b), the age of a motorcycle or quadricycle is determined by subtracting the manufacturer's designated model year from the current calendar year.

(b) If the purchase year of a motorcycle or quadricycle precedes the designated model year of the motorcycle or quadricycle and the motorcycle or quadricycle is originally titled in Montana, then the purchase year is considered the model year for the purposes of calculating the fee in lieu of tax.

(4) (a) The owner of a motorcycle or quadricycle that is 11 years old or older and that is subject to the fee in lieu of tax under this section may permanently register the motorcycle or quadricycle upon payment of a $30 fee in lieu of tax, the applicable registration and license fees under 61-3-321, and an amount equal to five times the applicable fees imposed or amounts calculated for each of the following:

(i) the motorcycle safety ~~training~~ fee under ~~20-25-1007~~ 61-3-321 to be deposited in the account provided for in 20-25-1002;

(ii) weed control ~~fees~~ under ~~61-3-510~~ [section 3(3)(b)];

(iii) $1 for the former county motor vehicle computer ~~fees under 61-3-511~~ fee; and

(iv) if applicable, renewal fees for personalized plates under 61-3-406.

(b) A person who permanently registers a motorcycle or quadricycle as provided in this subsection (4) shall pay an additional $2 fee at the time of registration for deposit in the state general fund. The department shall pay from the general fund an amount equal to the $2 fee collected under this subsection (4)(b) from each vehicle registration to the pension trust fund for payment of supplemental benefits provided for in 19-6-709.""

Renumber: subsequent sections

102. Page 164, line 6.
Following: "."
Insert: "Payments to the department of revenue are due on or before November 30 of each year."

103. Page 166, line 13.
Insert: "**Section 199.** Section 77-1-502, MCA, is amended to read:

"**77-1-502. Computation of state land equalization ~~payment~~ amount.** (1) The department of revenue shall compute the amount of taxes ~~which~~ that would be payable on the county assessments of ~~said~~ state-owned grazing, agricultural, or forest property as if it were owned by and taxable to a taxpayer of ~~such~~ the county.

(2) If the land is not classified, the sum ~~to be listed shall~~ must be determined by the average tax payment made on like property within the county ~~where said~~ in which the land is situated, not to exceed 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre. The average tax may be derived from the most recent biennial report of the department of revenue. The total figure arrived at by this method ~~shall~~ must be called the gross assessment figure.

(3) The county exemption factor ~~shall~~ must be determined by dividing the percentage that the state-owned land bears to the total land area of the county into 6%. This quotient ~~shall~~ must be multiplied by the gross assessment figure, and the product is called the state exemption figure.

(4) The state exemption figure ~~shall~~ must be subtracted from the gross assessment to give the state land equalization ~~payment~~ amount.""

Insert: "Section 200. Section 77-1-503, MCA, is amended to read:

"77-1-503. Form to be completed by department of revenue. The department shall provide a form for each county to be followed and completed by the department of revenue. The department of revenue shall, before October 1, make the computations required and submit to the department the completed forms, which must show the computations and method used in arriving at the state land equalization ~~payment~~ amount.""

Insert: "Section 201. Section 77-1-504, MCA, is amended to read:

"77-1-504. Processing of statements. The department shall examine for accuracy the statement returned by the department of revenue, and the state land equalization ~~payment~~ amount may not be approved unless the state exemption figure is deducted from the gross assessment figure in the statement. The department shall, before November 1 of each year, prepare and file a claim with the department of administration for all counties that are eligible for state land equalization ~~payments~~ amounts, and this claim must show the amount of money that each eligible county will receive through the entitlement share provided for in [section 1].""

Renumber: subsequent sections

104. Page 168, line 1.

Insert: "Section 206. Section 80-2-206, MCA, is amended to read:

"80-2-206. Cash payment. When an applicant for hail insurance tenders cash for the insurance to the department of revenue, the applicant is allowed a discount of 4%. The hail insurance must be issued upon the cash payment less the 4%. The charge for the insurance must be based on the maximum rates shown on the application for hail insurance. If the current rates are reduced later, the board of hail insurance shall arrange for the proper refund to the insured. All cash received by the department of revenue must be ~~promptly turned over to the county treasurer, who shall furnish the insured with a current receipt and place the money in the hail insurance fund~~ deposited with the state treasurer.""

Renumber: subsequent sections

105. Page 168, lines 15 and 16.
Strike: "cause an assessment" on line 15
Insert: "send a bill to the grain grower"
Following: "amount" on line 15
Strike: remainder of line 15 through "assessments" on line 16
Insert: "due for hail insurance under the provisions of this part"

106. Page 170, line 19.
Strike: "county treasurer"
Insert: "department of revenue"

107. Page 170, lines 20 and 21.
Following: "payable" on line 20
Strike: remainder of line 20 through "county" on line 21
Insert: "to the department of revenue"

108. Page 170, line 27.
Strike: "county treasurer"
Insert: "department of revenue"

109. Page 172, lines 7 and 8.
Following: "The" on line 7
Strike: remainder of line 7 through "state" on line 8
Insert: "department of revenue"

110. Page 172, lines 9 and 10.
Following: "~~collected~~" on line 9
Strike: remainder of line 9 through "fund" on line 10
Strike: "county treasurer"
Insert: "department of revenue"
Strike: "remit"
Insert: "deposit"

111. Page 172, lines 11 and 12.
Strike: "in" through "to" on line 11
Insert: "with"
Following: "treasurer" on line 11
Strike: remainder of line 11 through "state" on line 12
Strike: "All county treasurers"
Insert: "The department of revenue"

112. Page 172, line 13 through line 16.
Following: "~~the~~" on line 13
Strike: remainder of line 13 through line 16 in their entirety

113. Page 172, line 20.
Strike: "treasurer"
Insert: "department of revenue"

114. Page 172, line 24.
Insert: "**Section 217.** Section 80-2-231, MCA, is amended to read:
"**80-2-231. Foreclosure of lien.** If the person receiving hail insurance secured by a crop lien fails to pay ~~said~~ the fee for insurance to the ~~county treasurer~~ department of revenue by December 1 of the year in which the crop ~~so insured~~ is grown, the ~~county treasurer~~ department shall on that day or as soon as possible ~~thereafter~~ after that day deliver to the sheriff of ~~said~~ the county a full, true, and correct copy of the lien on file in the office of the clerk and recorder and ~~such~~ the sheriff ~~must~~ shall immediately demand from the person or persons signing ~~such~~ the lien payment of the amount due. ~~thereon and, if the same~~ If the fee is not paid to the sheriff upon ~~such~~ demand being made, the sheriff ~~must forthwith~~ shall seize and sell in the manner provided by law for the sale of personal property under execution a sufficient amount of grain belonging to ~~such~~ the person to pay the amount due for hail insurance together with interest and costs and expenses of seizure and sale.""
Renumber: subsequent sections

115. Page 172, line 26.
Strike: "State treasurer's"
Insert: "Department of revenue's"
Strike: "county and"

116. Page 172, line 27.
Strike: "state treasurer"
Insert: "department of revenue"

117. Page 173, line 3 through line 6.
Strike: subsection (2) in its entirety
Insert: "(2) The department of revenue may retain 2% of the gross annual fees imposed and collected under this part for administrative costs associated with billing and collection of hail insurance premiums."

118. Page 179, line 11.
Insert: "**Section 231.** Section 81-7-104, MCA, is amended to read:
"**81-7-104. (Temporary) Predator control ~~moneys~~ money -- use of proceeds.** (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the purpose of protecting livestock in the state against destruction, depredation, and injury by wild animals, whether the livestock is

on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money ~~shall~~ may be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control ~~by means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control ~~shall~~ must be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory wild animals, as determined by the department and its advisory committee. ~~No claims~~ Claims may not be approved in excess of ~~moneys~~ money available for ~~such purposes~~ that purpose, and ~~no~~ warrants may not be registered against the ~~moneys~~ money.

81-7-104. (Effective on occurrence of contingency) Predator control money -- use of proceeds. (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the purpose of protecting livestock in the state against destruction, depredation, and injury by predatory animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money ~~must~~ may be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control by ~~means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control must be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory animals, as determined by the department and its advisory committee. Claims may not be approved in excess of money available for ~~those purposes~~ that purpose, and warrants may not be registered against the money."" **Insert: "Section 232.** Section 81-7-113, MCA, is amended to read:

"81-7-113. Claim for bounty. (1) A sheriff, undersheriff, and deputy sheriff, to prevent fraud, shall carefully examine each skin presented. If the examination discloses that the scalp and ears with the skin from the entire head of the animal have not been severed, punched, patched, or marked, ~~he~~ the officer shall, in the presence of the person presenting the skin, mark

the skin by severing the skin from the head, including the ears, and then redeliver the skin to the person presenting it. ~~and~~ The officer shall require an affidavit from the claimant that the claimant killed the animal. The affidavit ~~shall~~ must be on forms prescribed by the department and contain information the department requires.

(2) The officer shall require affidavits from two ~~resident taxpayers~~ residents residing in the vicinity in which the animal was killed, setting forth that they are ~~resident taxpayers~~ residents paying fees on livestock, giving their post-office addresses, and stating that they are personally acquainted with the person presenting the skin and, to their knowledge, the person did kill the animal from which the skin was taken within 30 days preceding the offering of the skin for a bounty to the sheriff, undersheriff, or deputy sheriff to which it is presented. ~~A taxpayer~~ An individual who makes a false certificate or affidavit under this section in a material portion is guilty of a felony, punishable the same as for the crime of perjury.""

Insert: "Section 233. Section 81-7-114, MCA, is amended to read:

"81-7-114. Certificate and record of sheriff. (1) Upon receiving the affidavit required pursuant to 81-7-113, the officer shall deliver to the person claiming a bounty a certificate addressed to the county clerk of the officer's county and immediately deliver to the county clerk a duplicate of the certificate, showing the date, number, and kind of skins marked for severing and the name of the person presenting the skins. The certificate must also recite that the filing of the affidavits ~~of taxpayers~~ required by 81-7-113 has been done and the examination of the skins has been made as required. The certificate must be signed by the officer in the officer's official capacity. ~~When a doubt exists as to the kind of skin presented, whether wolf or coyote, the certificate must be issued for the lesser bounty.~~ Each sheriff shall keep a record of all skins marked and severed, showing the date, number, and kinds and the names of the persons presenting the skins. This record is an official record. The sheriff, undersheriff, or deputy sheriff may not perform any duties under 81-7-111 through 81-7-118 and 81-7-120 through 81-7-122 except at the county seat.

(2) The sheriff shall, not later than the 15th of each month, give to the county clerk and recorder a report setting forth the names of the persons presenting skins, with the number of the certificate and the kind and number of the skins presented. The sheriff shall report for each certificate issued during the month.""

Renumber: subsequent sections

119. Page 183, line 29.
Strike: "grant"
Insert: "grants"

120. Page 184, line 4.
Following: line 3

Insert: "(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate a portion of the block grant amount into each district's fiscal year 2002 budget as an anticipated revenue source by fund. The same block grant amount must be anticipated by and distributed to schools in fiscal year 2003."
Renumber: subsequent subsection

121. Page 184, line 4.
Strike: "each school district"
Insert: "the office of public instruction"

122. Page 184, line 5.
Strike: "estimate"
Insert: "calculation"

123. Page 184, line 6.
Strike: "a school district"
Insert: "the office of public instruction"

124. Page 184, line 7.
Strike: "estimating"
Insert: "calculating"

125. Page 184, line 8 through line 12.
Strike: subsection (2) in its entirety
Insert: "(2) If the biennial appropriation provided in [section 249(1)] is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003."

126. Page 184, lines 13 and 14.
Following: "year," on line 13
Strike: remainder of line 13 through "and" on line 14
Insert: "70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed"

127. Page 184, line 19.
Strike: "reimbursement"

Insert: "block grants"

128. Page 184, line 20.
Following: "distribute"
Insert: "one-half of"
Following: "retirement"
Insert: "in November and the remainder in May. The total amount for each county is"

129. Page 184, line 24 through page 186, line 20.
Strike: line 24 through line 20 in their entirety
Insert: "

Beaverhead	$80,727	$47,294	$57,659	$33,780
Big Horn	77,447	45,680	46,523	27,441
Blaine	76,621	12,770	53,653	8,942
Broadwater	0	91,649	0	75,672
Carbon	42,553	80,412	34,377	64,963
Carter	8,116	4,539	3,673	2,054
Cascade	323,422	178,686	251,476	138,937
Chouteau	69,171	37,653	45,206	24,607
Custer	70,943	33,196	56,123	26,261
Daniels	0	32,353	0	9,672
Dawson	77,150	34,912	45,667	20,665
Deer Lodge	34,633	14,778	25,465	10,866
Fallon	0	0	0	0
Fergus	123,340	81,665	88,585	58,653
Flathead	522,254	276,994	431,450	228,833
Gallatin	370,480	175,786	301,887	143,240
Garfield	12,412	10,232	7,144	5,889
Glacier	78,361	33,351	53,586	22,806
Golden Valley	0	16,746	0	11,496
Granite	13,646	46,566	11,325	38,648
Hill	141,335	81,653	108,625	62,755
Jefferson	117,517	59,951	71,774	36,615
Judith Basin	5,040	17,507	2,523	8,763
Lake	172,810	139,366	156,930	126,559
Lewis and Clark	327,597	201,564	289,078	177,864
Liberty	15,338	12,782	5,511	4,593
Lincoln	72,625	98,326	47,729	64,619
Madison	0	97,554	0	78,367
McCone	18,252	12,442	5,115	3,487
Meagher	10,399	8,132	6,284	4,914
Mineral	0	28,854	0	15,069
Missoula	445,729	331,926	253,697	188,923
Musselshell	32,355	22,758	26,326	18,517
Park	150,193	79,577	131,858	69,863
Petroleum	0	16,598	0	12,995
Phillips	10,043	90,929	6,147	55,655
Pondera	74,719	56,463	54,524	41,203
Powder River	14,224	11,348	0	0
Powell	71,372	23,211	61,349	19,952
Prairie	0	25,354	0	15,372

Ravalli	80,870	160,889	69,499	138,268
Richland	70,963	25,700	14,180	5,135
Roosevelt	83,692	71,023	63,900	54,227
Rosebud	354,727	282,481	338,145	269,277
Sanders	199,229	124,792	191,238	119,787
Sheridan	0	47,488	0	3,290
Silver Bow		223,241	126,482	169,182	95,854
Stillwater		91,202	75,689	81,464	67,607
Sweet Grass		36,400	35,741	30,129	29,584
Teton	56,345	40,530	36,245	26,072
Toole	42,930	50,933	22,043	26,152
Treasure	0	17,010	0	10,395
Valley	16,798	96,104	10,872	62,203
Wheatland	19,177	11,081	13,169	7,609
Wibaux	0	8,474	0	0
Yellowstone		1,063,326	607,615	760,595	434,626
Totals	$5,999,723	$4,453,585	$4,541,931	$3,309,596"

130. Page 186, line 22.
Strike: "**reimbursement**"
Insert: "**block grants**"

131. Page 186, line 23.
Following: "distribute"
Insert: "one-half of"

132. Page 186, line 24.
Strike: "reimbursement"
Insert: "in November and the remainder in May. The total amount for each county is"

133. Page 186, line 27 through page 187, line 27.
Strike: line 27 through line 27 in their entirety
Insert: "

Beaverhead	$35,940	$35,940
Big Horn	60,303	60,303
Blaine	14,601	14,601
Broadwater	17,464	17,464
Carbon	29,164	29,164
Carter	10,067	10,067
Cascade	95,360	95,360
Chouteau	38,902	38,902
Custer	9,920	9,920
Daniels	26,650	26,650
Dawson	28,907	28,907
Deer Lodge	15,975	15,975
Fallon	34,849	19,656
Fergus	71,699	71,699

Flathead	101,290	101,290
Gallatin	95,017	95,017
Garfield	21,461	21,461
Glacier	44,466	44,466
Golden Valley	4,958	4,958
Granite	9,094	9,094
Hill	58,525	58,525
Jefferson	49,927	49,927
Judith Basin	22,199	22,199
Lake	76,390	76,390
Lewis and Clark	64,171	64,171
Liberty	18,706	18,706
Lincoln	66,522	66,522
Madison	26,594	26,594
McCone	20,107	20,107
Meagher	6,218	6,218
Mineral	9,429	9,429
Missoula	118,387	118,387
Musselshell	18,052	18,052
Park	35,214	35,214
Petroleum	10,992	10,992
Phillips	40,748	40,748
Pondera	28,698	28,698
Powder River	27,508	25,623
Powell	19,383	19,383
Prairie	11,896	11,896
Ravalli	68,785	68,785
Richland	61,592	61,592
Roosevelt	34,372	34,372
Rosebud	100,172	100,172
Sanders	74,890	74,890
Sheridan	39,176	39,176
Silver Bow	24,545	24,545
Stillwater	30,949	30,949
Sweet Grass	17,244	17,244
Teton	36,387	36,387
Toole	23,620	23,620
Treasure	6,915	6,915
Valley	35,583	35,583
Wheatland	11,186	11,186
Wibaux	9,969	3,110
Yellowstone	192,011	192,011
Totals	$2,263,149	$2,239,212"

134. Page 188, line 7.
Strike: "$64,950,619" through "2003"
Insert: "$130,228,584 for the biennium ending June 30, 2003,"

135. Page 188, line 8.
Strike: "255"
Insert: "243"

136. Page 188, line 9.
Strike: "$10,419,699"
Insert: "$10,453,308"

137. Page 188, line 10.
Strike: "$7,798,815"
Insert: "$7,851,527"

138. Page 188, line 11.
Strike: "reimbursements"
Insert: "block grants"
Strike: "256"
Insert: "244"

139. Page 188, line 12.
Strike: "$2,265,148"
Insert: "$2,263,149"

140. Page 188, line 13.
Strike: "$2,240,756"
Insert: "$2,239,212"

141. Page 188, line 14.
Strike: "reimbursements"
Insert: "block grants"
Strike: "257"
Insert: "245"

142. Page 188, line 15.
Insert: "NEW SECTION. **Section 249. Inclusion of appropriations in budget.** The governor shall include the appropriation in [section 248(1)] in the present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation."
Insert: "NEW SECTION. **Section 250. Reservation of funds.** The amount of $7,447,018 must be reserved for countywide retirement and countywide transportation in fiscal year 2004 and the amount of $4,812,299 must be reserved for countywide retirement and countywide transportation in fiscal year 2005."
Renumber: subsequent sections

143. Page 188, line 16.
Following: "Repealer."
Insert: "(1)"

144. Page 188, line 18.
Strike: "15-31-701, 15-31-702,"

145. Page 188, line 19.
Following: "20-25-1007,"
Insert: "52-1-110, 53-2-302, 53-2-306,"
Following: "53-2-322,"
Insert: "53-2-610, 53-2-801, 53-2-802, 53-2-803, 53-2-811, 53-2-812, 53-2-813, 53-4-246, 53-4-247,"

146. Page 188, line 20.
Strike: "77-1-501, 77-1-502, 77-1-503, 77-1-504,"
Following: "80-2-223,"
Insert: "and"

147. Page 188, line 21.
Strike: "87-1-603, and 87-1-604,"

148. Page 188, line 22.
Insert: "(2) Sections 15-31-701 and 15-31-702 are repealed."

149. Page 188, line 29.
Strike: "and (3)"
Insert: "through (4)"

150. Page 189, line 1.
Strike: subsection (2) in its entirety
Renumber: subsequent subsection

151. Page 189, line 2.
Strike: "119"
Insert: "96"

152. Page 189, line 3.
Insert: "(3) [Sections 120, 125, 127, and 129] are effective July 1, 2003.
(4) [Section 251(2) and this section] are effective on passage and approval."

153. Page 189, line 4.
Strike: "118"
Insert: "95"

154. Page 189, line 5.
Strike: "3 and 255"
Insert: "119, 124, 126, 128, and 243"
Strike: "257"
Insert: "245"

- END -

LEE

COMMITTEE PROXY

DATE March 30, 2001

I request to be excused from the **HOUSE LOCAL GOVERNMENT**

Committee meeting this date because of other commitments. I desire to leave my proxy vote with Eden Carney

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

HOUSE BILL/ AMENDMENT	AYE	NO
HB012450	✓	
HB012426	✓	
HB012430	✓	
HB012429	✓	
HB012428	✓	
HB124	✓	

SENATE BILL/AMENDMENT	AYE	NO

Rep. Lee

(Signature)

S:\LOCAL GOV\COMMITTEE PROXY.wpd

HB 124 SPONSOR: Story, Bob SHORT TITLE: Revise local government funding (a.k.a. The Big Bill)
BY REQUEST OF: Local Government Funding And Structure Committee
REFERRED ON: 03/26/2001 HEARD ON: 04/03/2001
EXECUTIVE ACTION: 04/09/2001 -Bill Concurred as Amended -- VOTE: 8 - 1
FINAL DISPOSITION: 05/05/2001 Chapter Number Assigned

HB 143 SPONSOR: Somerville, Roger SHORT TITLE: Revise income tax laws for pass-through entities
BY REQUEST OF: Department Of Revenue
REFERRED ON: 02/28/2001 HEARD ON: 03/07/2001
EXECUTIVE ACTION: 03/07/2001 -Bill Concurred -- VOTE: 9 - 0
FINAL DISPOSITION: 03/29/2001 Chapter Number Assigned

HB 192 SPONSOR: Mood, Douglas SHORT TITLE: Allow payment of individual income taxes by credit card
REFERRED ON: 01/24/2001 HEARD ON: 02/06/2001
EXECUTIVE ACTION: 02/09/2001 -Bill Concurred -- VOTE: 9 - 0
FINAL DISPOSITION: 03/16/2001 Chapter Number Assigned

HB 247 SPONSOR: Lewis, Dave SHORT TITLE: Phase-in reduction of fees in lieu of tax for heavy trucks
REFERRED ON: 02/21/2001 HEARD ON: 03/14/2001
EXECUTIVE ACTION: 03/14/2001 -Bill Concurred -- VOTE: 8 - 0
FINAL DISPOSITION: 05/01/2001 Chapter Number Assigned

HB 248 SPONSOR: Tropila, Joe SHORT TITLE: Create interim committee to study Montana tax structure
REFERRED ON: 03/30/2001 HEARD ON: 04/04/2001
EXECUTIVE ACTION: 04/04/2001 -Bill Concurred as Amended -- VOTE: 9 - 0
FINAL DISPOSITION: 04/26/2001 (S) Died in Process

HB 351 SPONSOR: Olson, Alan SHORT TITLE: Tax incentive for unused commercial buildings
REFERRED ON: 02/21/2001 HEARD ON: 03/13/2001
EXECUTIVE ACTION: 03/13/2001 -Bill Concurred -- VOTE: 9 - 0
FINAL DISPOSITION: 03/28/2001 Chapter Number Assigned

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MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on April 3, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:
Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: House Bill 124, 3/29/2001
Executive Action:

HEARING ON HOUSE BILL 124

Sponsor: **REP. ROBERT STORY, HD 24, Park City**

Proponents: **Harold Blater, Stillwater Co.**
John Lawton, City of Great Falls
Gary Fylstad, Rosebud Co./MACO
Alec Hansen, MT League of Cities and Towns
Dennis Taylor, City of Billings

Dean Harmon, Roosevelt Co.
Mike Kadus, Mayor of Missoula
Bob Vogel, MT School Board Assoc. and MT Rural Education Assoc.
Madalyn Quinlan, OPI
Jean Curtiss, Missoula Co.
Allan Underdal, Toole Co.
Gordon Morris, MACO
Hank Hudson, DPHHS
Mary Whittingbill, MT Taxpayers Assoc.
Ron Alles, Lewis and Clark Co.
Tim Burton, City of Helena
Mary Sexton, Teton Co.

Opponents: **Dal Smilie, American Motorcyclist Assoc.**
Doug Abelin, MT Trail Vehicle Riders Assoc.
J.D. Lynch, Butte School District #1
Bob Gilbert, Walleyes Unlimited
Mary Phippen, MT Assoc. Clerks of District Court
Ken Hoovestol, MT Snowmobile Assoc.
Tom Bilodeau, MEA-MFT
Mona Jamison, Gallatin Co.
Ed Blacknen, Gallatin Co. Fiscal
Charles Brooks, Yellowstone Co.
John Larson, District Court Judge Missoula
Ronda Carpenter, MT Coin Machine Operators

Opening Statement by Sponsor: **REP. ROBERT STORY**, HD 24, Park City, gave a slide presentation of HB 124. **EXHIBIT(tas75a01)**
{Tape : 1; Side : A; Approx. Time Counter : 0 - 24.3}

REP. STORY discussed a sheet containing the next four years and where the money comes from and where it goes. He discussed the expenditure part in detail. **EXHIBIT(tas75a02)**

REP. STORY discussed what each impact of proposed funding shifts on state government would have, etc. He also discussed the other pages of the exhibit and what they entail. **EXHIBIT(tas75a03)**
{Tape : 1; Side : B; Approx. Time Counter : 0 - 2}

Informational Testimony: **REP. JEFF MANGAN**, HD 45, Great Falls, said he has worked mostly on the education area of this bill. He said it was apparent that when this bill was discussed in subcommittee there was a lack of communication between the education community and the people putting this bill together. One of the biggest problems was the lack of growth factors in the bill for education. He said instead of taking the sunset language out of the bill they took it out theoretically by including the allotment for school districts in the next biennium as part of

the Governor's budget. He said they also attempted to address the growth issue, but they couldn't come to an agreement in the select committee. He said he had some amendments that would address the problems that the education community is facing. He said one of the reasons for having a sunset and not having a growth factor for schools was because of the new school funding formulas. He said originally the bill was sunset after the next biennium for schools, but now they would like to take out the sunset. He discussed the amendments. He said one of the concerns was the cost if they had a growth factor for schools and they added the Industrial TIF s to help with this growth. He passed out a sheet explaining the money that would be used in each biennium. **EXHIBIT(tas75a04)** He said he does not want this to affect the growth rate and financial portions that go to cities and counties. ***{Tape : 1; Side : B; Approx. Time Counter : 2 - 15.6}***

Proponents Testimony:

Harold Blattie, Stillwater Co., said he served on the interim committee to help create this bill. He said the principle that they stuck to is that no jurisdiction should be harmed. He said they included every district and that they needed to remain whole. He said they have held several state meetings to try and help people to understand this bill. He said there were several misconceptions about this bill and he discussed them. He said one of the problems is that many local governments have mistrust of the Department of Revenue to be able to handle the distribution of this. He said he felt the Department has the resources to handle this job and would not be taken over by the State. He said they spent a long time trying to figure out what was appropriate state functions and what was local government functions. ***{Tape : 1; Side : B; Approx. Time Counter : 15.6 - 20.8}***

John Lawton, City of Great Falls, said this was the first time he had seen local government representatives, legislators and state agencies come together and look at the financing system for local government. He said one of the reasons people might oppose this bill was because of trust. He said city government takes in three major revenues which include reimbursement of bills, gambling, and motor vehicles. He said they have to trust the legislature on the reimbursement end as this has to be re-implemented ever two to four years. The State of Montana creates gambling, it is not a locally levied tax and motor vehicles are the same way. He said if they focus on a logical rational system where reimbursements and entitlement shares are coming from one source that will be the focus of attention rather than spreading it among 50 or 60 different revenues as they have today. He said he felt this would help build trust between local governments and the legislature.

He said one of the misconceptions was that this bill would increase dependency of local government upon the state, but this was not true. He said another issue considered was less connection between local governments and gambling interests. He said the City of Great Falls had a policy in which gambling was a statewide social issue and shouldn't be decided on the financial basis for local services. He said this bill was not the complete answer to local government financing problems, but was a big step in the right direction. ***{Tape : 1; Side : B; Approx. Time Counter : 20.8 - 26.8}***

Gary Fylstad, Rosebud Co./MACO, said this bill is important for the reimbursement of local governments. He said a little over half of the counties support this bill and many are still undecided. He said there is not a lot of trust between local governments, the Department of Revenue and the State and hopefully this bill will help solve this trust problem.

Alec Hansen, MT League of Cities and Towns, said this bill represented the interests of cities and towns. He said the bill completely rewrote about 100 years of state laws on local government finance statutes. He said many of these laws had no planning or basic concepts, and most do not fit together. He said the bill simplified that, put it into logic, gave it balance and local control. He said the entitlement share made this bill work. He stated each city and town across Montana would receive a base entitlement that was equal to the amount of revenue they would lose in the current fiscal year. In the next four fiscal years, that base amount would increase by a percentage equal to 70 percent of the four year average of the increase in personal and gross state products. He said the bill established a link between state and local governments based on the performance of the economy. He said they need to get away from the idea that local governments are last in line and create a partnership between state and local government. ***{Tape : 2; Side : B; Approx. Time Counter : 0 - 4.9}***

Dennis Taylor, City of Billings, said ability, predictability and partnership were currently absent in the relationship between the state and local governments and this bill would help solve that.

Dean Harmon, Roosevelt Co., said trust was relevant between state and local governments. He said in 1996 they had an issue to establish mills for the three airports in Roosevelt Co. He stated they had enough money they didn't need to tax any of their residents to operate those three airports for the coming year. However, they were froze at those 1996 levies and this created many financial hardships. He said now that they have the floating levy, they tax every penny they can because of the past problems.

He said they would like to get away from those problems by passing this bill. He felt a statement of intent would be relevant to satisfy some of the county's concerns.

Mike Kadas, Mayor of Missoula, said one of the most important parts of this bill was the reimbursement section. He said this bill would eliminate HB 20, SB 412, and SB 184 reimbursements. He said HB 20 and SB 412 are declining by ten percent. He said when the legislature put those through there was the assumption that tax breaks would increase economic activity and increase the amount of personal property on the books and local government would be kept whole. He said this has not happened and local governments have been burdened by this mistake. SB 184 reimbursements end after this year and this is almost $500,000 worth of reimbursements that Missoula would not have. He said putting the reimbursements into one pot and adding some growth on them is appropriate. He said this bill was more advantageous to areas that have declining or stagnant populations than it is to growing populations, but gives stability over the long run. He said Missoula has over $6 Million invested in this bill between general and tax increment funds which is over 20 percent of their General Fund and this bill is important to them.

Bob Vogel, Montana School Board Association and MT Rural Education Association, said there was a lack of trust between the state and local governments. He said school districts were not represented at the interim committee and impacts on school districts were significant in this bill. He said school districts were treated differently than other local governments in this bill and there was a sunset provision that only applied to school districts. HB 124 had a dramatic effect on the mix of local and state funding, however school districts would continue to rely on local voters for mill levies to fund their operations. He said they are proponents of this bill as many legislators continue to work with school districts. He said they are for the bill as long as the amendments (EXHIBIT 3) were put on the bill to address some of the school district's concerns and the promise to address school district problems in the interim. ***{Tape : 2; Side : B; Approx. Time Counter : 4.9 - 18.3}***

Madalyn Quinlan, OPI, said on the second to the last page of the bill directed the Governor to include the amount of the school block grant in the 2005 biennium.

Jean Curtiss, Missoula Co., said this was a huge bill and affected hundreds of sections of state law. The way local government was funded right now was very complicated and money came from many sources. She said because of this complexity it is easy to be mistrustful of the state when dealing with money

issues. They favor this bill for simplification, predictability and stability of funding.

Allan Underdal, Toole Co., felt this was a step forward and that local governments were better off under this proposal than under the current system.

Gordon Morris, MACO, rose in support of HB 124.
EXHIBIT(tas75a05) EXHIBIT(tas75a06)

Hank Hudson, DPHHS, said he supported HB 124.

Mary Whittingbill, MT Taxpayers Association, rose in support of the bill with the amendments.

Ron Alles, Lewis and Clark Co., said they supported this bill.

Tim Burton, City of Helena, stood in support of HB 124.

Mary Sexton, Teton Co., said they supported the bill with the amendments. ***{Tape : 2; Side : B; Approx. Time Counter : 18.3 - 24.5}***

Opponents Testimony:

Dal Smilie, American Motorcyclist Assoc., rose in opposition to HB 124. **EXHIBIT(tas75a07)**

Doug Abelin, MT Trail Vehicle Rider's Association, said they had spent a lot of time building their association and they do not want to lose their identity and the ability to direct funds where they feel are necessary.

J.D. Lynch, Butte School District #1, said education was the number one issue in our state and needed to be protected. He said they do not want to beat up local government, but rather protect school districts. He said they stand in opposition unless the amendments are approved. (EXHIBIT 3)

Bob Gilbert, Walleyes Unlimited, said they have concern with this bill in the areas of fees and money. He said fees on boats and airplanes go directly to the Fish, Wildlife and Parks, Department of Transportation and Aeronautics Department to fund them. The way the bill was written, those funds would go into the General Fund and then the Appropriations Committee would appropriate them back to DOT or FWP and there was no identifier to their use. He said they have to think about the people who imposed these fees on themselves and if their money was not doing what they want for them they will be back next Session asking for those fees to be

removed. He said this was confusing legislation. He said they are proposing in this legislation that local governments will get a 1.5% increase every year based on the accrual method. He said if the economy goes down and they borrow on the future they will not have the money for reimbursements and this will hurt counties and cities. He felt they needed to do four things: remove the mill levy, allow state assumption of the district courts, state assumption of welfare, and fund local government reimbursement from the last Session. He felt the bill needed more research and time. ***{Tape : 3; Side : A; Approx. Time Counter : 0 - 2.5}***

Ken Hoovestol, MT Snowmobile Assoc., said on page 126, the decal fees for snowmobiles should be struck because it was put into the General Fund and then back to the Fish, Wildlife and Parks. He said the identity of this money was gone and they would like to have it earmarked.

Mary Phippen, MT Assoc. Clerks of District Court, rose in opposition to HB 124. **EXHIBIT(tas75a08)**

Tom Bilodeau, MEA-MFT, said this bill goes a long way in streamlining a very confusing, existing tax structure. He said they opposed this bill though because of technical problems with the timing of distribution to schools, how it affected cash flow and how it may jeopardize Indian impact aid. He said they had concern in how the bill treated schools with respect to the block grant and specifically the sunset placed on the block grant. He said their third concern was that schools have been completely omitted from the growth factor. He said with the amendments then the bill is more acceptable (EXHIBIT 3).

Mona Jamison, Gallatin Co., felt that the way the bill was too big and too much at one time which would end up creating more problems. The bill had too much centralization and equalization. She said they are a growing county and would lose some of their financing through this bill. They need those reimbursements to take care of the impacts that they are feeling from growth. She discussed the fiscal note. She said use this bill to get rid of mill tax levies and take care of the immediate things that are plaguing local governments and then phase in more changes later rather than trying to pass a 200 page bill right now. She passed out some amendments and discussed them (HB012434.agp). **EXHIBIT(tas75a09)**

Ed Blacknen, Gallatin Co. Fiscal Office, said they liked the concept of this bill but from a financial standpoint it really hurts their county. He discussed amendments 3 and 5 (EXHIBIT 9).

Charles Brooks, Yellowstone Co., discussed testimony from Yellowstone Co. Commissioners. **EXHIBIT(tas75a10)**

John Larson, District Court Judge Missoula, said he did not know where the money was in this bill to fund district courts. He said he would like to see district courts funded by the State, but there is no reliable source of revenue to do that. He said if district courts are going to be funded in this bill it needs to be referenced as to where it is coming from specifically. He said there is no appropriation in HB 2 for district courts or their employees.

Ronda Carpenter, MT Coin Machine Operators, said when gambling came to this state, cities and towns received two-thirds of the taxes collected from gaming revenue and this bill changes that. Local governments can decide how much gambling they want in their communities by zoning, etc. and they decide the gaming revenues that come with it. She said this bill removes the local governments say on how these monies are going to be used. Any growth in gaming funds would not go to the local government but into the State General Fund and this is not right.

Questions from Committee Members and Responses:

SEN. EMILY STONINGTON said they have passed other bills out of the Senate to help cover some aspects of this bill. She said one example of this was the floating mills bill, but what other pieces of legislation has there been that is covered in this bill. **REP. STORY** said he did not know for sure all of the bills that have gone through, and that if this bill does not pass other bills will cover certain aspects such as welfare, etc.

SEN. STONINGTON said it was her understanding that the decline in reimbursements came out of the appropriation of the county wide transportation and retirement. **REP. STORY** said it comes out of the retirement fund from county general fund, city funds, schools, general funds, etc. and they will no longer see that decline. He said that $2 million per year can still be distributed. He said one of the things that becomes part of the growth factor is the accrual of financial institutions.

SEN. STONINGTON said the one time accruals, because of the change in the process, was for about $14 million and those go into the General fund and show up on the ending fund balance. She asked if there were any guarantee in the way the bill is written that they would be used to fund the growth. **REP. STORY** said the guarantee is in the formula of the bill. It says that in the next biennium they will use 70 percent and this is figured at a three percent growth factor.

SEN. JOHN BOHLINGER said Yellowstone Co. Commissioners have expressed some concern about HB 124 and there was some uncertainty about revenue streams and how they would support district courts and public defenders. **REP. STORY** said SB 176 deals with district courts and if that bill passed through the Senate then they would make sure that there was money in HB 124 to cover district courts. He referred to (EXHIBIT 2) and discussed where the money was allotted for district courts. He said on page 3 of the bill there was language in there that they would get the money by offsetting the reimbursement money to local governments for the cost of district courts. He said they would probably need an amendment to take care of the appropriation of money for district courts in HB 124.

SEN. BOHLINGER asked if the sponsor would be preparing amendments to take care of these types of concerns. **REP. STORY** said yes.

SEN. BOHLINGER said there was some concern about the necessity of having a three-fifth majority of both Houses. **REP. STORY** said he is not concerned about this either way as it is a statutory requirement.

SEN. MACK COLE asked about the taxes in this bill. **Ken Hoovestol** said several session ago they established the $5.00 decal fee for snowmobiles. He said this money would not be here in the first place if it had not been originally earmarked and they don't feel it is up for grabs by anyone.

SEN. COLE said they heard testimony from the motorcycle association and other groups and is it all the same. **Ken Hoovestol** said yes, most have decal fees.

SEN. COLE asked about the major concerns that the counties expressed on this bill. **Gary Fylstad** said there are a lot of changes in the bill and it is hard for people to stay up on what has happened and to trust the state. He said most of the counties expressed the need for a clear statement of intent.

SEN. COLE asked if the statement of intent would create more trust with the counties. **Gary Fylstad** said yes and it would help bring some of the undecided counties on board. ***{Tape : 3; Side : A; Approx. Time Counter : 0 - 17.8}***

SEN. ALVIN ELLIS said this bill was very complicated and did this create more complications for the Department of Revenue. **Judy Paynter**, Department of Revenue, said last Session there was approximately 7 or 9 reimbursement bills coming through the legislature and they were very complex even though they used the

same types of data they still had some different twists. She said as they studied this bill they looked at the entitlement share payments that are due September 15th, because of this they have already set up the formats and have given out preliminary numbers to all of the counties and cities and it seems quite workable at this time.

SEN. ELLIS said in the past the Department has had problems coming up with mill values and have these problems been fixed or is it going to be an ongoing problem. **Judy Paynter** said getting consistent mills for every special district was a problem and had not been solved yet.

SEN. ELLIS said he assumed they were creating one formula, which would be different for school districts than for cities and counties and would this bill add more complexity. **Judy Paynter** said they have initial complexity for the next couple of months until everything is implemented.

SEN. ELLIS said there is no reason for the Department of Revenue to handle these fees on snowmobiles, etc.. **Judy Paynter** said they have an amendment that when the money goes back to the Fish, Wildlife and Parks is gets earmarked just like it was before.

SEN. ELLIS asked why the fees for snowmobiles, etc. were in the bill. **REP. STORY** said they simply wanted to include all of the vehicle fees and distribute them back out with statutory appropriations and would also be in the earmarking process. **Judy Paynter** said they have been working with the Fish, Wildlife and Parks so that when the money is sent to them that by law it will be allocated back to the organizations.

SEN. ELLIS said there was some concern about the way the formula worked and the amount of money that organizations would be getting. **REP. STORY** said most of the work with amendments had been in the education area. The select committee did a lot of technical changes such as working on the motorcycle fees, etc. and making sure that they were earmarked. He explained some more changes that they did with fees, etc.. He said another amendment was if a revenue source disappeared then the state would sit down with local governments and try and figure out how to deal with those problems.

SEN. ELLIS asked if the sponsor supported the amendments that where brought forth by **REP. MANGAN. REP. STORY** said yes. ***{Tape : 3; Side : A; Approx. Time Counter : 17.8 - 30.1}***

SEN. DAN HARRINGTON asked why some of the TIF's go on in reimbursement, etc. **Judy Paynter** said payments to the TIF's would

continue until the TIF dissolved or something happened to change the character of that TIF. She said the Industrial TIF would end in 2005.

SEN. HARRINGTON said he would like further explanation on the Industrial TIF and what happened after 2005. **Mr. Holman**, Local Development, said the biggest issue was the magnitude of the problem that they have right now with the industrial district confusion. There is a $50 million dollar tax implement debt dating back to 1986 for cities and counties. He said during the 1999 Session with the passage of SB 200 the tax declined almost $4.6 million dollars. He said when the department took out SB 184, the issue was so large they could not fund that district the same as other taxing districts.

SEN. HARRINGTON said one of his problems with this bill was if the economy in this country goes down and they have to come back and make major cuts, who was going to be the loser. He said with the passage of this bill they are taking monies that go directly to the counties and redistributing them. He said his big worry was what would happen next Session if counties need money, or if there has to be major cuts, etc. what happens then. **REP. STORY** said that is a worry that if this money is going into the State Fund that the counties won't get their fair share back and local governments will be the losers. He said with fiscal reimbursements, hopefully there will be more money as time goes on. He said this is one of the reasons that they put in an entitlement that every local government is involved in this decision. ***{Tape : 3; Side : B; Approx. Time Counter : 0 - 7.9}***

SEN. JON ELLINGSON said he was concerned about the district courts and how they are going to be funded. He asked if the appropriation in this bill for the district courts of approximately $21 million dollars would satisfy some concern. **John Larson** replied he had not seen where that extra $21 million dollars was coming from other than the General Fund. He said there are several employees that had to be paid in the district court and he felt that there was direct conflict with the assumptions of SB 176. He said he would like to be able to see specifically where this money was going to come from in HB 124.

SEN. ELLINGSON said the fiscal note needed to be updated to include district courts. He said the amount was not so important but where the revenue was coming from specifically. **John Larson** said he has been following SB 176 and he knows how they came up with $21 million dollars by surveying county commissioners in each district. However, he is not sure that all expenditures have been included after one survey.

SEN. ELLINGSON asked more about the district court funding. **Gordon Morris** said they do need to coordinate the language found in SB 176 to HB 124. He said district court costs are approximately $24 million dollars. He referred to page 5, lines 2-4 in HB 124 and with this language SB 176 would be the controlling bill. He said for example in Cascade Co., they levy six mills for district court and nine mills for welfare. He said under this bill, their budget for district court would be $1.3 million dollars and that figure would be taken out of their entitlement and they would be eligible for $4 million dollars. $1.4 million would go to District court and $1.3 million would go for welfare. The State would be picking up from all of the counties relative to their district court budgets - $14 million. He said there is also another $2 million that comes from fees of the court, etc. He said there is also another $6 million that comes from 10 percent motor vehicle distribution that currently goes into the district court reimbursement program. He stated this is a total of $22 million dollars. He said each county would use that property tax authority that is no longer used by the district court and this would free up 15 mills that were district court and welfare mills. He said if the General Fund had 25 mills they could increase that to 40 mills. He said those 15 mills would have to go into a special account that would fund the operation of each department. He said this would work for any county. ***{Tape : 3; Side : B; Approx. Time Counter : 7.9 - 17.5}***

SEN. ELLINGSON said there is language in the bill that states if the money is not there at the statewide level to fully fund expenses that the counties will be responsible for that. Gordon Morris said this language on page 14 and 15 needs to be struck from the bill. He said there is coordinating language in SB 176 to take care of that. He said there is money in HB 124 to cover the cost of the public defenders and they are not being excluded. In SB 176 those costs will be paid by the state and if the costs exceed what the state has appropriated the counties will have to pay. He said he did not feel this would happen though because right now every district has to fund its own district court. He said right now they can t move money from one district to the other and the state will have the authority to do that.

SEN. ELLINGSON said he was concerned about the $11 million surplus that they will have in the first year. He said this will help in this biennium in terms of ending fund balance, but in the outlying years what will it do to this balance, etc. **REP. STORY** said the numbers speak for themselves and the way the bill is structured. He said the state and local governments are both assuming some risk and he feels it should be this way. He said one change they made over the objection of local governments was change the 70 percent to 56 percent. He said he would rather have

the money go to local governments where it goes for service, etc. rather than the state eating it up.

SEN. ELLINGSON said there is a negative fiscal impact in 2003 and was this true for the third and fourth years also. **REP. STORY** said those numbers are shown on the fiscal note. He said in 2005 they are no longer paying revenue into the TIF's and in 2006 the growth factor helps put them back in balance. ***{Tape : 3; Side : B; Approx. Time Counter : 17.5 - 24.7}***

SEN. BILL GLASER said this bill is about cash flow and long term commitments and he would like to see where they are going to be in ten years. He said they need to give some assurance to local governments as to where they are heading with this. **Brad Simshaw**, Department of Revenue, said it is late in the Session and fiscal notes are top priority and they are trying to address any concerns that they might have.

SEN. GLASER said he would like concrete numbers on this bill to be able to understand it fully.

SEN. STONINGTON said there is about $400,000 per year in FTE's to administer district courts and where is this money coming from. **Judy Paynter** said it comes from a mix of all the monies. She said that was included because it is impossible for each county to fund this.

SEN. STONINGTON asked if that money was directly out of the money being spent on district courts. **Judy Paynter** said that money is additional money from the state perspective spent on district courts and is new money.

SEN. STONINGTON said she would like to know exactly where that money has been pulled from and what is not getting funded to fund this. **Judy Paynter** said it is really not her choice to pick what gets funded and what does not and she does not know this.

SEN. STONINGTON said there is a bill going through the legislature to create two new district courts and how are they going to be funded. **Judy Paynter** said if they create new judicial districts it would be safe to say that those costs will have to be picked up also.

SEN. STONINGTON said on the fiscal note there is the termination of TIF s and what ones are going to expire. **Judy Paynter** said she could get the list for them.

SEN. ELLIS said when they passed SB 184 he thought that all local government and finance districts were treated the same. He said how does this bill handle that situation. **Judy Paynter** said all districts and local governments were treated the same.
SEN. ELLIS said what about ASMI. **Judy Paynter** said ASMI was given an industrial TIF. ***{Tape : 4; Side : A; Approx. Time Counter : 0 - 7.4}***

Closing By Sponsor:

REP. STORY said this bill is the work of a lot of people across the state. There are still some issues that need to be worked on, but the major issues have been dealt with. He said if they start dealing with the revenue in the bill and for example if they take out the vehicle and gambling then they have to deal with district courts and welfare. He said in some counties the reimbursement is less than the cost of district courts and welfare and if they are assumed there is a fairly significant revenue cost to the state or there has to be some mills. He said it does not work in every county that way and some counties will send money to the state while others will receive money from the state. He said this bill does not work half way. He felt this is a move in the right step for a partnership between state and local governments. He said they really don't deal with providing services to the average person in Montana other than funding schools and it would be good if they could do that. He said in section 4 of the bill, line 19, page 12, they put in an amendment on the House floor to change the mill from .1 mills to 1 mill. ***{Tape : 4; Side : A; Approx. Time Counter : 7.4 - 15}***

CHAIRMAN DEPRATU said he is going to appoint a subcommittee with **SEN. GLASER** chair, **SEN. ELLIS** and **STONINGTON** on the committee.

ADJOURNMENT

Adjournment: 11:15 A.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT(tas75aad)

The following exhibit exceeds 10 pages

Exhibit:
4.3.01
HB 124

The complete exhibit is located
with the minutes at the
Montana Historical Society Archives
225 N. Roberts
Helena, MT 59620-1201
(406) 444-4775

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 2
BILL NO. HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Gaming Revenue	28,333,194	30,429,850	31,707,904	33,039,636
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	7,398,417	7,398,417	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0	0	0
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,089,220	2,089,220	2,089,220	2,089,220
Total Revenue Impacts	**212,804,340**	**199,228,085**	**199,196,604**	**199,239,682**

State G.F. Expenditure Impact - Entitlement Growth Rate of 3.0%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,029,093)	(36,079,966)	(37,162,365)	(38,277,236)
Cities	(45,296,073)	(46,654,955)	(48,054,603)	(49,496,241)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(1,200,000)	(1,200,000)	(600,000)	(600,000)
Schools K-12 replacement of revenue	(64,472,774)	(63,837,690)	(63,209,135)	(62,587,208)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
County Retirement	(10,453,307)	(7,842,980)	(5,232,653)	(2,622,326)
County Transportation	(2,263,149)	(2,238,757)	(2,214,365)	(2,189,973)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
HB138 amended	0	(28,446)	(29,299)	(30,178)
HB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,028,438	1,370,360
Total Expenditure Impacts	**(201,668,127)**	**(201,883,005)**	**(202,513,709)**	**(203,848,447)**

Impact to State

Category	2003 Biennium	2005 Biennium	Two-Biennium Total
Revenue	412,032,425	398,436,286	810,468,711
Expenses	(403,551,131)	(406,362,157)	(809,913,288)
Net Change	**8,481,294**	**(7,925,871)**	**555,423**

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HB124 Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	5,742,983	5,829,128	11,572,111	5,916,565	6,005,313	11,921,878
Motor Vehicles - All Other	75,484,466	76,616,733	152,101,199	77,765,984	78,932,474	156,698,458
Gaming Revenue	28,333,194	30,429,850	58,763,044	31,707,904	33,039,636	64,747,540
District Court Fees	1,906,941	1,906,941	3,813,882	1,906,941	1,906,941	3,813,882
Financial Institutions Tax	7,398,417	7,398,417	14,796,834	7,398,417	7,398,417	14,796,834
Alcohol-Related Taxes	4,116,407	4,213,185	8,329,592	4,312,238	4,413,620	8,725,859
All Other Impacts	2,089,220	2,089,220	4,178,440	2,089,220	2,089,220	4,178,440
Total Revenue Impacts	125,071,628	128,483,474	253,555,102	131,097,269	133,785,621	264,882,890

HB124 Impacts of Proposed Funding Shifts on State Government
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Motor Vehicles - District Courts	1.50%	1.50%	-	1.50%	1.50%	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	0.00%	0.00%	-	0.00%	0.00%	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	1.50%	2.73%	-	2.03%	2.05%	-

Counties (includes road fund)
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(23,054,729)	(22,138,307)	(45,193,036)	(21,221,886)	(20,305,465)	(41,527,350)
Motor Vehicles - District Courts	0	0	0	0	0	0
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(56,806,057)	(29,043,682)	(29,479,338)	(58,523,020)
Gaming Revenue	(6,593,134)	(7,081,026)	(13,674,160)	(7,378,429)	(7,688,323)	(15,066,752)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,562,900)	(1,562,900)	(3,125,800)	(1,562,900)	(1,562,900)	(3,125,800)
Alcohol-Related Taxes	(466,818)	(477,793)	(944,610)	(489,026)	(500,523)	(989,549)
All Other Impacts	(1,382,501)	(1,382,501)	(2,765,002)	(1,382,501)	(1,382,501)	(2,765,002)
Total Current Law Revenue	(61,251,673)	(61,256,992)	(122,508,665)	(61,078,424)	(60,919,049)	(121,997,473)
District Court Expenditure	13,109,812	13,499,173	26,608,985	13,900,099	14,312,932	28,213,031
Welfare Expenditure	15,240,116	15,618,204	30,858,320	16,005,672	16,402,752	32,408,424
Total Current Law Expenditure	28,349,928	29,117,377	57,467,305	29,905,771	30,715,684	60,621,455
Revenue Net Expenditures	(32,901,745)	(32,139,615)	(65,041,360)	(31,172,653)	(30,203,365)	(61,376,019)
HB124 Entitlement	35,029,093	36,079,966	71,109,059	37,162,365	38,277,236	75,439,601
Difference	2,127,348	3,940,351	6,067,699	5,989,712	8,073,871	14,063,582

Counties (includes road fund)
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.82%	-3.97%	-	-4.14%	-4.32%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Revenue Impacts	-0.58%	0.01%	-	-0.29%	-0.26%	-
District Court Expenditure	2.97%	2.97%	-	2.97%	2.97%	-
Welfare Expenditure	2.48%	2.48%	-	2.48%	2.48%	-
Total Current Law Expenditure	2.71%	2.71%	-	2.71%	2.71%	-
Revenue Net Expenditures	-3.26%	-2.32%	-	-3.01%	-3.11%	-
HB124 Entitlement	3.00%	3.00%	-	3.00%	3.00%	-
Difference	6.26%	5.32%		6.01%	6.11%	

Cities
Comparison of Current Law Revenue Flow and HB124 Entitlement

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(5,906,554)	(5,684,006)	(11,590,560)	(5,461,459)	(5,238,912)	(10,700,370)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(22,558,447)	(11,533,636)	(11,706,640)	(23,240,276)
Gaming Revenue	(21,740,060)	(23,348,824)	(45,088,884)	(24,329,475)	(25,351,313)	(49,680,787)
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(1,680,400)	(1,680,400)	(3,360,800)	(1,680,400)	(1,680,400)	(3,360,800)
Alcohol-Related Taxes	(3,649,589)	(3,735,392)	(7,384,982)	(3,823,213)	(3,913,097)	(7,736,310)
All Other Impacts	(256,186)	(256,186)	(512,372)	(256,186)	(256,186)	(512,372)
Total Current Law Revenue	**(44,428,048)**	**(46,067,997)**	**(90,496,045)**	**(47,084,368)**	**(48,146,548)**	**(95,230,916)**
HB124 Entitlement	**45,296,073**	**46,654,955**	**91,951,028**	**48,054,603**	**49,496,241**	**97,550,844**
Difference	**868,025**	**586,958**	**1,454,983**	**970,235**	**1,349,693**	**2,319,928**

Cities
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.63%	-3.77%	-	-3.92%	-4.07%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	2.00%	7.40%	-	4.20%	4.20%	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	2.30%	2.35%	-	2.35%	2.35%	-
All Other Impacts	0.00%	0.00%	-	0.00%	0.00%	-
Total Current Law Revenue	**1.03%**	**3.69%**	**-**	**2.21%**	**2.26%**	**-**
HB124 Entitlement	**3.00%**	**3.00%**	**-**	**3.00%**	**3.00%**	**-**
Difference	**1.97%**	**-0.69%**	**-**	**0.79%**	**0.74%**	

3/C

Schools
Comparison of Current Law Revenue Flow and HB124 Block Grant

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	(31,564,979)	(30,494,576)	(62,059,555)	(29,424,172)	(28,353,768)	(57,777,940)
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other		(29,456,593)	(58,477,867)	(29,898,442)	(30,346,918)	(60,245,360)
Gaming Revenue	0	0	0	0	0	0
District Court Fees	0	0	0	0	0	0
Financial Institutions Tax	(3,454,946)	(3,454,946)	(6,909,892)	(3,454,946)	(3,454,946)	(6,909,892)
DNRC-PILT	(336,347)	(336,347)	(672,694)	(336,347)	(336,347)	(672,694)
Alcohol-Related Taxes	0	0	0	0	0	0
State Aeronautics Fee	(95,229)	(95,229)	(190,458)	(95,229)	(95,229)	(190,458)
Change in Current Law Revenue	(64,472,775)	(63,837,690)	(128,310,465)	(63,209,136)	(62,587,208)	(125,796,344)
HB124 Block Grant	65,114,292	65,114,292	130,228,584	65,114,292	65,114,292	130,228,584
Gain	641,517	1,276,602	1,918,119	1,905,156	2,527,084	4,432,240

Schools
Annual Growth Rates

Revenue Impacts	FY03 Biennium			FY05 Biennium		
	FY02	FY03	Biennium Total	FY04	FY05	Biennium Total
Personal Property Reimbursements	-3.28%	-3.39%	-	-3.51%	-3.64%	-
Motor Vehicles - District Courts	-	-	-	-	-	-
Motor Vehicles - All Other	1.50%	1.50%	-	1.50%	1.50%	-
Gaming Revenue	-	-	-	-	-	-
District Court Fees	-	-	-	-	-	-
Financial Institutions Tax	0.00%	0.00%	-	0.00%	0.00%	-
DNRC-PILT	0.00%	0.00%	-	0.00%	0.00%	-
Alcohol-Related Taxes	-	-	-	-	-	-
State Aeronautics Fee	0.00%	0.00%	-	0.00%	0.00%	-
Change in Current Law Revenue	-0.99%	-0.99%	-	-0.98%	-0.98%	-
HB124 Block Grant	0.00%	0.00%	-	0.00%	0.00%	-
Gain	0.99%	0.99%	-	0.98%	0.98%	

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 3
BILL NO. HB124

Amendments to House Bill No. 124
3rd Reading Copy

Requested by Representative Jeff Mangan

For the Senate Taxation Committee

Prepared by Gregory Petesch
April 2, 2001 (11:10AM)

1. Page 101, line 12.
Strike: "243"
Insert: "239"

2. Page 102, line 11 through page 104, line 6.
Strike: section 120 in its entirety
Renumber: subsequent sections

3. Page 107, line 18.
Strike: "244"
Insert: "240"

4. Page 108, line 29 through page 111, line 3.
Strike: section 125 in its entirety
Renumber: subsequent sections

5. Page 113, line 2.
Strike: "243"
Insert: "239"

6. Page 113, line 21 through page 116, line 4.
Strike: section 127 in its entirety
Renumber: subsequent sections

7. Page 117, line 4.
Strike: "245"
Insert: "241"

8. Page 117, line 20 through page 119, line 1.
Strike: section 129 in its entirety
Renumber: subsequent sections

9. Page 212, line 1.
Strike: "248(1)"
Insert: "244(1)"

10. Page 212, line 12.
Insert: "(4) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 1.5% in fiscal year 2004 and 1.5% in fiscal year 2005 and must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

11. Page 212, line 13.
Following: "**GRANTS**."
Insert: "(1)"

12. Page 216, line 13.
Insert: "(2) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 1.5% in fiscal year 2004 and 1.5% in fiscal year 2005 and must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

13. Page 216, line 15.
Following: line 14
Insert: "(1)"

14. Page 219, line 18.
Insert: "(2) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 1.5% in fiscal year 2004 and 1.5% in fiscal year 2005 and must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share as provided in [section 1]."

15. Page 219, line 29.
Strike: "243"
Insert: "239"

16. Page 220, line 2.
Strike: "244"

Insert: "240"

17. Page 220, line 5.
Strike: "245"
Insert: "241"

18. Page 220, line 8.
Strike: "248(1)"
Insert: "244(1)"

19. Page 220, line 15.
Insert: "NEW SECTION. **Section 247. Coordination with school funding study.** If an interim study of school funding is conducted during the interim commencing July 1, 2001, the study must include recommendations for retaining or repealing the block grants provided for in [sections 239 through 241]."
Renumber: subsequent sections

20. Page 221, line 2.
Strike: "THROUGH (4)"
Insert: "and (3)"

21. Page 221, line 5.
Strike: subsection (3) in its entirety
Renumber: subsequent subsections

22. Page 221, line 6.
Strike: "251(2)"
Insert: "248(2)"

23. Page 221, line 8.
Strike: "(1)"

24. Page 221, lines 9 and 10.
Strike: subsection (2) in its entirety

- END -

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 4
BILL NO. HB 124

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03	FY04	FY05
Personal Property Reimbursements	73,389,886	70,744,611	68,099,336	65,454,061
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474
Gaming Revenue	28,333,194	30,429,850	31,707,904	33,039,636
Gaming Revenue Accrual	6,944,410			
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941
Financial Institutions Tax	7,398,417	7,398,417	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0	0	0
Alcohol-Related Taxes	4,116,407	4,213,185	4,312,238	4,413,620
All Other Impacts	2,089,220	2,089,220	2,089,220	2,089,220
Total Revenue Impacts	**212,804,340**	**199,228,085**	**199,196,604**	**199,239,682**

State Expenditure Impact - County/City Growth Rate of 3.0% - Schools Growth Rate of 1.5%

Revenue Impacts	FY02	FY03	FY04	FY05
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)
State Funded District Courts	(21,471,564)	(22,108,639)	(22,764,996)	(23,440,839)
Entitlement Share				
Counties	(35,029,093)	(36,079,966)	(37,162,365)	(38,277,236)
Cities	(45,296,073)	(46,654,955)	(48,054,603)	(49,496,241)
TIF's (original)	(4,776,051)	(4,776,051)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,546	922,272	922,272	922,272
TIF payment to Industrial Districts	(600,000)	(600,000)	(300,000)	(300,000)
Schools K-12 replacement of revenue	(64,472,774)	(63,837,690)	(63,209,135)	(62,587,208)
Schools K-12 additional revenue	(641,518)	(1,276,602)	(1,905,157)	(2,527,084)
Block Grant Growth of 1.5% (Start in FY04)	0	0	(976,714)	(991,365)
County Retirement	(10,453,307)	(7,842,980)	(5,232,653)	(2,622,326)
County Transportation	(2,263,149)	(2,238,757)	(2,214,365)	(2,189,973)
Administration				
Judicial Branch Costs - District Courts	(415,127)	(385,377)	(396,938)	(408,846)
SB138 amended	0	(28,446)	(29,299)	(30,178)
SB138 restored to original costs	(95,820)	(112,776)	(116,159)	(119,644)
GTB Retirement	(665,675)	(1,331,350)	(1,997,025)	(2,662,700)
GTB School District General Fund	344,594	686,516	1,342,871	1,689,509
Total Expenditure Impacts	**(201,068,127)**	**(201,283,005)**	**(202,875,991)**	**(204,220,663)**

Impact to State

Category	2003 Biennium	2005 Biennium	Two-Biennium Total
Revenue	412,032,425	398,436,286	810,468,711
Expenses	(402,351,131)	(407,096,654)	(809,447,785)
Net Change	**9,681,294**	**(8,660,368)**	**1,020,926**

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SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 5
BILL NO. HB 124

Amendments to House Bill No. 124
3rd Reading Copy (02)

For the Senate Taxation Committee

Prepared by Gordon Morris
March 31, 2001

1. Page 1, line 5.
Following: "
Insert: "PROVIDING A STATEMENT OF PURPOSE AND POLICY"

2. Page 3, line 6
Insert: "NEW SECTION. **Section 1. Statement of purpose and policy.** All Montana governments are dedicated to a partnership among state, county, city and school districts that is based on mutual trust and respect for local authority. This partnership will enable all governments to respond to the demands of their citizens in the 21st century through a revenue system that is simple, understandable, equitable, stable and adequate and through a distribution system that is simple, efficient, accurate and timely.

All governments and citizens deserve a revenue system that produces adequate and relatively constant revenue, treats individuals and businesses fairly, is easy for taxpayers to understand, minimizes administrative costs and has all economic activity and wealth contributing proportionally to support government service. A high quality revenue system is composed of taxes that complement one another and the finances of both state and local governments. One especially important issue is the relationship of state and local taxing jurisdictions. State policy makers should consider how state tax decisions affect local governments, and local governments should consider how their budget decisions affect the taxpayer and the state revenue system. A high quality revenue system reflects the limitations and financial responsibilities state government places upon local government.

Because the current Montana financial relationship among state, local and school finances is so complex and administratively cumbersome it requires significant change from state agencies, counties, cities and schools. Other than simplifying, de-earmarking, and removing limitations of local government, there is no intent to change the funding level or programs offered by any governmental entity. This will result in more open revenue and budget reviews by the legislature and city and county commissioners.

A significant affect of this legislation is the trust that both state and local government officials must establish between themselves. The legislature will have less control over local government, and local government will have the right to receive an Entitlement Share of the state general fund without specific revenue or expenditure requirements. Building this trust level is essential to this purpose. To expedite the trust building, local government audit provisions will be strengthened and local government financial laws will be significantly more flexible. The county and city treasurers become even more important to this process. Their acceptance of the responsibility to account for all funds and establish accounting systems is very important to the trust building this policy requires. As the state gives more autonomy to local government, the county clerk

and recorders, as well as city clerks, in their function as budgeting and accounting personnel, will make a major contribution in strengthening and demonstrating the local government accountability requirements"

3. Beginning on line 6, renumber subsequent sections.

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 6
BILL NO. HB 124

MONTANA ASSOCIATION OF COUNTIES

HOUSE BILL 124 ANALYSIS

Prepared by
C. Gordon Morris Executive Director

House Bill 124 is central to the work of the Local Government Structure and Funding Committee completed over the course of the most recent interim. A detailed analysis is contained in the published report Simplification In the 21st Century. The report covers all of the recommendations made by the Committee and so includes issues outside of the immediate questions in regard to HB 124, as introduced by Representative Story. I limit myself herein to this bill in an effort to sort out the issues and provide a recommendation for commissioner consideration throughout Montana.

The bill can be dissected into its component parts with an explanation of each. The following is an effort to do just that.

1) **Revising the laws governing local government and state revenue collection and allocation.** As set forth in the bill, many of the revenues traditionally collected at the local level would be redirected to the state general fund. The intent is that this would simplify the flow of revenue used to fund state government, local governments and schools and eliminate the host of intergovernmental transfers, significantly the following: motor vehicle taxes and fees; gaming revenue; district court fees; financial institutions tax; DNRC PILT payments; alcohol related taxes and a host of "miscellaneous revenues".

This would result in a net reduction in revenue for all counties and cities and towns. Tied to this is the assumption that this increase in state general fund revenue can then be used to transfer funds to local governments through an annual entitlement share program in a manner that would keep all local government units whole at their current funding levels

It is recommended that MACo cautiously support this provision, recognizing the risks associated with the current system versus the risks of this alternative. It is further recognized that without this provision, the current reimbursements are in jeopardy along with motor vehicle monies, gambling monies and other miscellaneous revenues. At risk is the long-term reliance upon a statutory appropriation and legislative funding of the resulting "entitlement" for local government. It must also be understood that the reimbursement provision under current law—Chapter 584, Section 167, Montana Session Laws 1999---is scheduled to terminate on December 31, 2001. This would reenact the reimbursement going forward indefinitely.

2) **Clarifying state mandates that may not be imposed on local governments without funding.** This represents an expansion of the current mandate provisions as set forth in MCA 1-2-112 and clarifies what mandates the legislature must fund. It is the hope that this would clear up the current confusion about mandates and whether property taxes, as a revenue source, can be used to fund what would otherwise be a mandate.

It is recommended that this mandate clarification be supported.

3) **Eliminating specific statutory mill levy restrictions.** This involves the many sections of the bill that eliminate existing references to a specified number of mills. All local government mill levy limits are repealed along with some specific fees and the funds are restricted under the tax limitation provisions of MCA 15-10 420.

It is recommended that lifting the levy and fee restrictions be supported without regard to the remainder of the bill.

4) **Revising the limit on property taxes.** This portion of the bill amends the property tax limit as established in SB 184 from the 1999 legislative session. The amendments clarify the definition of "newly taxable," establish a "transitional limit," provide a "growth mechanism," eliminates the "disincentive" for reducing taxes by establishing a "carry forward tax authority mechanism," and establishes certain exceptions to the property tax limit.

It is recommended that the revision to the property tax limitation be supported, with a stated preference for the permanent section and the elimination of the temporary provision provided for in the bill. This recommendation can be maintained without regard to the remainder of the bill.

5) **Providing for a uniform election procedure to exceed the mill levy limit.** This provision reestablished the voting methodology as initially set forth under the provisions of I-105 and codified as MCA 15-10-412, now repealed. This section clearly enables the authority to ask the voters for additional taxing authority now only assumed under special election laws.

It is recommended that this provision be supported without regard to the remainder of the bill.

6) **Providing for local government entitlements to replace reimbursements and to account for revenue allocations.** This section ties directly to item number one (1), as set forth above. It is intended to ensure that local governments receive the same amount of revenue as they received in fiscal year 2001. It establishes a growth factor for the entitlement share at 70% of the 5 year rolling average of the state gross domestic product and personal income growth. This rate would be 3.2% for fiscal year 2002 and 3.1% for fiscal year 2003. **It has been suggested that we seek to establish a legislative "super majority" for future changes to this concept.**

It is recommended that this provision be supported as it is tied directly to the revenue revision outline in Item 1, without which the entire concept of revenue transfers and entitlements collapses. This item also takes into account the necessary state funding for both district court and welfare. This element is tied directly to the "streamlining" concept contained in Item 1.

7) **Calculating entitlements by deducting district court costs and public assistance costs.** The county entitlements would be netted out against the costs of state assumption of district court expenses as provided in 3-5-901 and the costs for the assumption of welfare.

8) **Providing for a statutory appropriation for entitlement payments.** This is an attempt to ensure that the mechanism will be present to fund the entitlement with the realization that it ultimately, as always, is dependent upon the legislature.

It is recommended that this provision be supported in conjunction with items 1 and 6, without which the need for the statutory appropriation is gone.

9) **Providing for fund transfers from the general fund to state agencies to account for revised allocations.** This provision merely replaces otherwise dedicated revenues that under current law would flow to various agencies from revenues collected in the courthouse. The revenue will have lost its original identity under this proposal and agencies would be funded by a general fund appropriation.

It is recommended that this provision be supported while recognizing that without items 1 and 6.

10) **Including state payments in lieu of taxes for state land and land owned by the State.** This provision is directly tied to the entitlement concept outlined above and assumes the state payments within the eligible entitlement per county. There is no assumption tied to additional acquisitions by the department that would increase the in lieu of payment within the entitlement itself.

It is recommended that this item be supported with recognition that with items 1 and 6, we return to current law. If enacted it would be recommended that the Committee study the growth aspect of the in lieu of payments in relationship to the eligible entitlements.

11) **Providing for certain uniform vehicle fees.** This provision proposes to simplify the various vehicle fees in regard to the ultimate distribution, with all revenue with the exception of GVW, being deposited with the state. Further the proposal seeks to eliminate the confusion over the variety of fees assessed for such things as registration, titling, and specialized plates by establishing a uniform and more consistent fee schedule.

It is recommended that this provision be supported with recognition of the fact that again without items 1 and 6, this whole effort becomes moot.

12) **Retaining vehicle fees, alcohol taxes, and gambling taxes at the state level.** This constitutes the bulk of the revenue that is proposed to be transferred to the state and replaced, for local government purposes, within the entitlements.

It is recommended that these provisions be supported with recognition once again that if items 1 and 6 are not approved, then this provision becomes unnecessary or moot.

13) **Revising the funding method for providing public assistance.** This provision covers the cost of the state fully funding welfare and replacing local funding in both assumed and non-assumed counties.

It is recommended that this provision be supported with the recognition that without the provisions of items 1 and 6, then Senate Bill 339 would be triggered with the average cost assumption being the basis for capping county costs.

14) **Converting certain special levies into fees.** This section removes dollar specific fees where there is no need for the fee to be uniform statewide to a fee established by local government. The best example would be the mosquito district fee established in MCA 7-22-2432.

It is recommended that this provision be supported without regard to the remainder of the bill.

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15) **Providing for block grants for school districts.** This provision is based upon the state retaining six local revenue sources at the state level and replacing them with a single reimbursement to each school district. This reimbursement is outside of the local government entitlement and it does not include a growth factor, as does the entitlement.

Recommend that this issue be cautiously supported. This item could be maintained without regard to items 1 and 6, but would require that the portion of the six revenues identified as going to the state, would have to be amended into current law,

16) **Providing for payment to counties for distribution to school districts for purposes of countywide transportation and countywide retirement.** These provisions provide for replacement revenue to address the revenue change as a result of HB 540 less the reduction associated with HB 20 and SB 417.

There is no recommendation being made on these provisions.

17) **Appropriating money for school district block grants, countywide school transportation and countywide school retirement.** This provides the funding for the block grant required for schools with an appropriation to the Office of Public Instruction of $64, 950,619 for fiscal year 2002 and $64,950,619 for fiscal year 2003. In addition, the funding for both retirement and transportation are included.

There is no recommendation being made on these provisions.

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 7
BILL NO. HB 124

HB 124
OPPOSITION TO DE-EARMARKING USER VOLUNTEERED OHV FEES
By: Dal Smilie, April 3, 2001

Responsible user groups like snowmobilers, trailbikers and ATV riders saw a need to maintain trails and police their ranks. They volunteered their own funds to promote those goals.

Those groups have guarded raids against their volunteered funds over the years. There is always a more needy group or cause that is why we volunteered our own funds.

HB 124 takes those funds, de-earmarks them, and puts them in the General Fund. See section 139 of this bill for example, 23-2-804(3), MCA.

These types of funds need to remain earmarked so those users get benefit of all their money without having to testify during the budgeting process. The uses for which the users volunteered their money should remain identified.

There is great value in responsible citizens volunteering their money to fund necessary causes. Those citizens feel an ownership interest in their programs and are great advocates. Those responsible actions should be nurtured, not denied. These citizens have a "social contract" with the Legislature that should not be breached.

Please re-earmark these types of user volunteered funds.

SENATE TAXATION
DATE 4/3
EXHIBIT NO. 8
BILL NO. HB 124

MARY "MARTY" PHIPPEN, LOBBYIST
MT. ASSOCIATION OF CLERKS OF DISTRICT COURT
1715 WILDER AVE.
HELENA MT 59601
406-449-5106
CELL: 406-261-9622
E-MAIL: lobbyist@gec-isp.net

HB 124 - Revise Local Government Funding

Mr. Chair, Members of the Committee, for the record, my name is Mary Phippen. I represent the Montana Association of Clerks of District Court.

While the Association has taken no position on this Bill, we are concerned about the lack of coordinating language between this Bill and SB 176 in the event that SB 176 is not passed and approved. We are, therefore, appearing today as an opponent solely due to the lack of coordinating language in this Bill and SB 176, which provides for State Assumption of most District Court costs.

We have prepared proposed Amendments regarding this matter in the event that SB 176 is not passed and approved. These proposed amendments allow the fees currently retained in the counties for District Court operations to remain with the counties and to allow distribution of the remainder of the fees as they are currently distributed as mandated in statute. Copies of these proposed amendments have been distributed to you for your review.

Your support in approving these amendments for incorporation into HB 124 to provide coordinating instructions is greatly appreciated.

Thank you.

Mary Phippen

AMENDMENTS TO HB 124

REQUESTED BY THE MONTANA ASSOCIATION OF CLERKS OF DISTRICT COURT

FOR THE SENATE TAXATION COMMITTEE

PREPARED BY THE MONTANA ASSOCIATION OF CLERKS OF DISTRICT COURT

If SB 176 is not passed and approved, it is our recommendation that the following coordinating amendments be incorporated into HB124:

1. RE: Section 1. Entitlement share payment --APPROPRIATION.
   Page 3
   Strike: Lines 26 through 30

2. RE: Section 1. Entitlement share payment--APPROPRIATION.
   Page 3
   Strike: Lines 1 and 2

3. The following six (6) sections be struck from the Bill with the Statutes to remain as currently written:

Section 6	3-2-714. Civil legal assistance for indigent victims of domestic violence account Page 13, Lines 9 through 20
Section 7	3-5-901. State assumption of certain district court expenses--designation as district court reimbursement program. Page 13, Lines 22 through 30, Page 14, Lines 1 through 30, and Page 15, Lines 1 through 5
Section 143	25-1-201. Fees of clerk of district court Page 136, Lines 1 through 30 Page 137, Lines 1 through 30 Page 138, Lines 1 through 30 Page 139, Lines 1 through 16
Section 146	40-4-226Court-sanctioned educational program on effects of dissolution of marriage on children Page 142, Lines 18 through 29
Section 148	42-2-105. Fees for services -- special revenue account -- statutory appropriation Page 143, Lines 27 through 30, and Page 144, Lines 1 through 10
Section 151	52-6-105 Funding Page 145, Lines 17 through 23

4. RE: 40-4-215
Page 141, Lines 21 and 22
Following: order.
Insert: The cost of the educational evaluation under subsection (2)(a) must be paid from the fees for filing petitions for contested amendment of a parenting plan, as provided in 25-1-201(9).

DATE 4/3/01
EXHIBIT NO. 9
BILL NO. HB 124

Amendments to House Bill No. 124
3rd Reading Copy

Requested by Senator Emily Stonington

For the Senate Taxation Committee

Prepared by Gregory Petesch
March 30, 2001 (7:36AM)

1. Title, page 1, lines 6 and 7.
Following: ";" on line 6
Strike: remainder of line 6 through "FUNDING;" on line 7

2. Title, page 1, line 23.
Strike: "1-2-112,"

3. Page 5, line 26.
Following: "."
Insert: "For fiscal years 2006 and 2007, the department shall include any excess revenue received from the sources listed in subsection (1) in calculating the growth in the entitlement share pool. For purposes of this subsection, "excess revenue" means an amount by which collections exceed entitlement share payments plus the growth factor provided for in this subsection (3)."

4. Page 8, line 16.
Insert: "(10) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated pursuant to subsections (1) through (3).

(11) The department shall adopt rules implementing this section. The rules must provide for a procedure for a local government to appeal the department's determination of the amount of base component, the entitlement share pool growth rate, and a local government's allocation of the entitlement share. The rules must provide for appeals to the state tax appeal board pursuant to 15-2-302(1)(d). The judicial review provisions of 15-2-303 apply to the state tax appeal board's decision.

5. Page 11, line 13 through page 12, line 22.
Strike: section 4 in its entirety
Insert: "NEW SECTION. **Section 4. District court and public assistance levies.** A county shall continue to levy the number of

3

mills levied for the support of district courts and public assistance that were levied for the fiscal year ending June 30, 2001. All revenue from the levies that is not necessary for funding the operations of the clerk of the district court, providing current space for district courts, juvenile probation functions, and other costs not assumed by the state must be distributed to county funds and special districts in the same manner that entitlement share payments are allocated pursuant to [section 1(4)]. A county or consolidated local government may not be required to provide additional space for a district court, juvenile probation office, or public assistance office unless the state provides funds to pay for the additional space."

6. Page 220, line 25.
Following: "1"
Insert: ","
Strike: "and"
Following: "3"
Insert: ", and 4"

7. Page 220, line 27.
Following: "1"
Insert: ","
Strike: "and"
Following: "3"
Insert: ", and 4"

- END -

Yellowstone County

COMMISSIONERS
(406) 256-2701
(406) 256-2777 (FAX)

P.O. Box 35000
Billings, MT 59107-5000

SENATE TAXATION
DATE 4/3/01
EXHIBIT NO. 10
BILL NO. HB124

April 2, 2001

Honorable Senator Bob DePratu, Taxation Chair
And Honorable Committee Members

Dear Senator DePratu and Committee Members:

The Yellowstone County Commissioners would like to see HB124 amended to reflect concerns we have with this bill. The requests are as follows:

a) This entitlement revenue proposed should be a top priority in HB2.
b) The bill should reflect that a 3/5's majority of both houses would be needed to make revenue changes in county entitlements.
c) HB124 should reflect reimbursement for the district Court costs including reimbursement for the Public Defenders and also Guardian ad-Litem positions.
d) In HB124, reference to county responsibility for the payment of the balance for insufficient funds should be struck from Pg. 15, line 4 & 5.

We feel there is more needed work to make HB124 meet our needs.

Sincerely,

Board Of County Commissioners
Yellowstone County, Montana

James E. Reno, Chair

Bill Kennedy, Member

James A. Ziegler, Sr., Member

BOCC/pt

Exhibits 11 & 12 are not in the Law Library's collection –

Please check at the Historical Society Archives for the originals.

DATE 4/3/01

SENATE COMMITTEE ON TAX

BILLS BEING HEARD TODAY: HB 124

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Hank Hudson	444-5902	DPHHS/ State	124	✓	
Rebecca Blattie	322-8000	Stillwater Co	124	✓	
John Lawton	455-8450	City of Great Falls	124	✓	
Mona Jamison	442-5581	Montana City	124		✓
Ed Bryson Broderick	4424250	MEA-MFT	124		✓
AM Dussault	523-4858	Missoula Co	124	✓	
Jean Curtiss	523-4877	Missoula Co	124	✓	
Ronda Carpenter	590-5059	MT Corn Machine Operators	124		X
Danny Fyhrlund	356-2251	Roosevelt County/Moco	124	✓	
BOB VOGEL	442-0045	MSBA/MREA	124	✓	
Bob Gilbert	439-1939	Walleyes Unlimited	124		X
[illegible]	723-9431	Butte Silver Bow Ltr	124		X
Ron Alles	447-8311	L & C County	124	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 4/3/01

SENATE COMMITTEE ON TAX

BILLS BEING HEARD TODAY: HB 124

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Gloria Paladichuk		City of Laurel Richland Econ. Dev.	HB 124		
Dan Smilie		American Motorcycle Assn	HB 124		—
Mary Phippen	449-5106	Mt. Assn. Clerks of District Court	HB 124		
Dennis M. Taylor	657-8430	City of Billings	HB 124	X	
Jani McCall	442-0216	City of Billings	124	X	
Ken Hoovestol	443-1744	MT. Snowmobile Assn.	124		X
Mary Sexton	466-2157	Teton Co. Comm	124	X	
Tom Stellon	454-6605	Cascade Co. comm	124		X
Ed Blackmer	582-3002	Gallatin Co. Fiscal	124		X
Mike Murray	449-8304	L & C County	124	X	
Gordon Morris		MACo	124	✓	
Allan Underdal	434-5121	Toole County	124	✓	
Mary Whittinghill	442-2830	MT Taxpayers	124	✓	w/amendments

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 4/3/01

SENATE COMMITTEE ON TAX

BILLS BEING HEARD TODAY: HB 124

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Doug Abelin	449-7353	Montana Trail Veh. Riders Assn & Capital Trail Veh. Riders	HB 124		✓
Jeff Kirby	444-7244	MDT	HB 124		
Tim Burton	2447 8401	City of Helena	HB 124	X	
Madalyn Quinlan	444-3168	OPI	HB 124	✓	
Alec Hansen	443 7601	MLCT	HB 124	✓	
Joe Mazurek	457-2000	City of GF	HB 124	✓	
Chuck Brooks	698-2380	Yellowstone Cty	HB 124		✓
Dean Harmon	653 6246	Roosevelt Co.	HB 124	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

TAPE LOG

COMMITEE Senate Taxation

DATE 4/3/01 HB 124

Tape 1 - Side A - 24.3 opening on HB 124, Rep. Bob Story - Slide presentation
28.0 - opening By Bob Story
Tape 1 Side B 2.0 opening By Rep Bob Story
15.6 Informational testimony Rep Jeff Mangan
20.8 Proponents
26.8 Proponents

Tape 2 - Side B 4.9 Proponents
18.3 Proponents
24.5 Proponents
Tape 2 - Side B 2.5 Opponents
9.0 Opponents
17.7 Opponents
27.8 Opponents
Tape 3 Side A 7.3 Question to HB 124
17.8 Questions
30.1 Questions
Tape 3 - Side B 7.9 Questions
17.5 Questions
24.7 Questions
Tape 4 - Side A 7.4 Questions
15.0 Closing by sponsor Rep. Bob Story

MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on April 9, 2001 at 9:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:
Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: None
Executive Action: HB 124 HB 617 HB 636

EXECUTIVE ACTION ON SENATE BILL 124

Two proposals were presented from the subcommittee, one from **SENATOR STONINGTON** and one from **SENATOR ELLIS.**

SENATOR STONINGTON distributed written testimony. **EXHIBIT(tas80a01)** She also handed out a chart of HB 124 Local Government Funding. **EXHIBIT(tas80a02)** ***{Tape : 1; Side : A; Approx. Time Counter : 0 - 10.7}***

SENATOR ELLIS noted there were amendments, four of which were adopted previously. He pointed out the statement of intent would indicate to future Legislatures the foundation between the state, counties, cities and school districts. A 60% vote would be needed to change the entitlement share or the general outline of revenue dispersements and help with the confidence factor. There were dozens of technical amendments that made sure that the sections in the bill do not conflict with each other or other sections of law. Off road vehicles like snowmobiles, boats, and motorcycles whose revenues would allow themselves to be taxed so they would get certain services out of parks, are still earmarked and are in statutory appropriation. The Mangan amendment was put on which allowed for a growth factor for the block grants that go to schools. It does not increase entitlements to schools. It is used much like mills to counter balance the FTV that a school gets. In effect it is like property tax relief. **Mr. Heiman** distributed the amendments that were recommended by the subcommittee. **EXHIBIT(tas80a03)**

SENATOR ELLIS MOVED THE BILL AND THE AMENDMENTS #012460.alh. He noted this would assume a response for district courts and welfare costs. This would assume the costs of big cases, which are usually a financial burden to small counties. Welfare is also the Legislature's responsibility to fit within Montana's ability to fund. It is important to simplify the process. It also provides counties and cities to share in the growth that is occurring in Montana. ***{Tape : 1; Side : A; Approx. Time Counter : 10.7 - 21}***

SENATOR STONINGTON commented she was skeptical about the bill because she did not trust the state Legislature to fully take care of this. She had seen too many times when the Legislature said they would reimburse or hold to commitments and put flowery words in the statutes and then did not. She supported the bill and felt this was the best way for local governments and the state to deal with its commitment to local government. Left over from two years ago in SB 184, there is a huge chunk of money - $75 million dollars, that is essentially local governments. We owe this to local governments because of actions taken by the state that undermined their ability to raise that revenue and part of this is being phased out over the next five years. Secondly, there is a well thought out mechanism in this bill called an entitlement share. That gives local government a predictable, stable source of revenue coming from the state that is really their money. Third, local governments are taking a risk by giving up some control over revenue sources that are dedicated to local governments, and redistributing that statewide. A partnership has formed that says local governments are willing to place this risk in the hands of the state and the

state is willing to uphold that bargain. There are risks on both sides. Without local governments ability to raise their own taxes, they don't have the ability to fund court costs. Other than the District Courts, the growth factor is not out of the General Fund. It is really a redistribution of local government money. There is growth in that money with licensing of vehicles and growth in the financial institutions, which is not even shown on the projections. There will be growth in gaming money and the local governments have said they would be willing to give the control of that money to the state in return for their redistributing it to local governments and letting them share in that growth throughout the state. That is what is called the growth factor in this bill that starts out at 3% and is based on a combination of CPI and wage growth in the state and redistributed based on population and a pro-rata share basis. ***{Tape : 1; Side : A; Approx. Time Counter : 21 - 26}***

SENATOR COLE said he represented six counties and was quite concerned about the livestock being protected. He believed the amendments had improved the bill, especially the statement of intent.

The question was called on the amendments. The amendments were **ADOPTED** 9-0.

SENATOR ELLIS MOVED THE BILL AS AMENDED. ***{Tape : 1; Side : A; Approx. Time Counter : 26 - 30}***

SENATOR GLASER said this bill was the second biggest mistake made by the Legislature. He felt SB 184 was the biggest mistake as it shifted tax burdens. SB 184 is now locked in place. SB 124 is a mistake mainly because it builds on past mistakes. ***{Tape : 1; Side : B; Approx. Time Counter : 0 - 3.9}***

SENATOR ELLIS commented that this was a valid point and did make our tax structure more rigid. Tax structure does not change very easily anyway and is only subject to a little tweaking here and there. He saw SB 184 differently. The changes made last Session, taking business equipment taxes down to the level that class 4 residential property taxes are taxes. The changes had been positive changes. To a certain extent, this bill addresses the needs of those governments and gives them a certain assurance that what is done in the future would not be to the detriment to those local governments. The people back home value the services that they get from local government much higher than the services they get from the state government. This gives those people who try to provide the services, some level of assurance - especially in Eastern Montana, to continue to provide those services.

SENATOR STONINGTON referred to the chart and discussed what the bill did financially. The impact on the General Fund, annually over the first year, was positive. She noted that local governments should grow with the economy of the state and that was the way the bill was structured, to give them that opportunity. ***{Tape : 1; Side : B; Approx. Time Counter : 3.9 - 7.9}***

The question was called on the bill as amended. The motion **PASSED** 8-1 with one no vote by **SENATOR GLASER. SENATOR ELLIS** would carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 617

Mr. Heiman distributed an amendment #061705.ajm. **EXHIBIT(tas80a04)**

SENATOR ELLIS MOVED THE AMENDMENT. The question was called on the amendment. The motion was **ADOPTED** unanimously. ***{Tape : 1; Side : B; Approx. Time Counter : 16.8 - 17}***

SENATOR ELLIS MOVED THE BILL AS AMENDED. SENATOR ELLINGSON said he could not vote for the bill in light of the latest fiscal report which showed a $63 million dollar deficit. This had limited impact on this biennium but future tax years would be impacted. There was a need for reform of the income tax system.

SENATOR ELLIS MOVED TO TABLE. The motion **PASSED** 9-0.

EXECUTIVE ACTION ON HOUSE BILL 636

SENATOR COLE MOVED DO PASS. Mr. Heiman distributed an amendment by the sponsor **EXHIBIT(tas80a05)** and one from the Department of Labor. **EXHIBIT(tas80a06)**

SENATOR STONINGTON MOVED THE AMENDMENT #063602.adb. She commented that this amendment was on behalf of the low income people who could then qualify for a refund for sales tax paid. The question was called. The amendment was **ADOPTED** unanimously.

SENATOR ELLIS MOVED THE AMENDMENT (from the Department of Labor-Exhibit 6). The question was called. The motion was **ADOPTED** unanimously.

SENATOR COLE MOVED THE BILL AS AMENDED. SENATOR GLASER commented that the bill had a major flaw which was the definition of a

FISCAL NOTE

Bill #: HB 124 **Title:** Revise local government funding

Primary Sponsor: Bob Story **Status:** In Second House - As Amended by Senate Tax Committee

Sponsor signature Date Chuck Swysgood, Budget Director 4-12-0 Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
General Fund	$136,210,268	$137,749,904
State Special Revenue	(15,361,703)	(15,739,791)
Transfers:		
General Fund	(6,695,892)	(6,750,522)
State Special Revenue	6,695,892	6,750,522
Revenue:		
General Fund	$154,830,514	$142,739,532
State Special Revenue	($21,466,148)	($21,964,137)
Net Impact on General Fund Balance:	**$11,924,354**	**($1,790,894)**

Yes	No		Yes	No	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

This fiscal note includes the impacts of HB 124 and SB 176, the state assumption of district courts.

ASSUMPTIONS:

1. Motor vehicle tax law effective January 2001 is used in this analysis.

State Expenditure Impact

2. The state will be responsible for fully funding welfare programs. The state currently funds the welfare programs of 13 counties. The 9-mills levied by the state in these 13 counties would be eliminated. The state would assume financial responsibility for welfare in the remaining 43 counties.

HB 124 #2

336

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3. The state will assume responsibility for funding district courts, except for clerks of court. HB 124 appropriates state general fund to the supreme court the amount deducted from the county entitlement share payment (actual FY 2001) in section 1 (2) plus 3% for fiscal year 2002 and an additional 3% for fiscal year 2003. The amount appropriated is up to $25 million a year to be used for implementing SB176.
4. Under HB124, a variety of revenue sources that currently flow to local governments and state agencies would flow to the state general fund. To replace this revenue for local governments, the state would provide counties, cities and towns with an "entitlement share payment". The payment for fiscal 2002 reflects the net change in funding requirements for local governments taking into account 1) their loss of revenue from shifting revenues to the state general fund, and 2) their reduction in costs due to funding district courts and welfare programs by the state. In following years the entitlement share will change as the state economy changes. Entitlement share payments will be based on fiscal year 2001. It is estimated that the statewide entitlement share payment for fiscal year 2002 will be 3% above the base year 2001 level, and will grow an additional 3% above the fiscal 2002 level for fiscal 2003.
5. Under current law, local government taxing jurisdictions, including tax increment financing districts (TIFs), annually receive a reimbursement payment from the state for past property tax and other tax reductions stemming from HB20 (1989), SB417 (1995), and SB184 (1999). Under current law, the reimbursements under HB20 and SB417 are scheduled to be phased out over the course of the next several years by 10% per year.
6. Under this bill, each TIF would receive a block grant payment from the state based on the revenue received by each district from HB20, SB417, and SB184 reimbursement programs in fiscal year 2001. When a TIF dissolves, the state discontinues the block grant to the TIF. Included in the block grant payments for tax increment finance districts is $600,000 in fiscal year 2002 and again in fiscal year 2003 for industrial tax increment finance districts. See technical note 6.
7. HB 124 provides [illegible] school [illegible] as for FY2002 and FY2003. The amount of the block grant for each school district is equal to the revenue that the school received in FY2001 from corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, department of fish, wildlife, and parks payments in lieu of taxes, and property tax reimbursements. The block grant also includes 93.4% of the vehicle taxes and fees received by the district in FY2001. Statewide, the block grants paid to school districts exceed the amounts that the district would receive from the revenue sources listed above by $641,300 in FY2002 and by $1,276,602 in FY2003. As a result, cost of state guaranteed tax base (GTB) aid for the district general fund will decrease by $344,600 in FY2002 and by $686,500 in FY2003. (Department of Revenue). The proposal allows for an increase in the school block grant of 1.5% in fiscal year 2004 and 1.5% in fiscal year 2005 and must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share provided to counties and cities and towns.
8. The state will make block grant payments to counties for countywide elementary and high school retirement mills. The payment amount is based on the amount necessary to replace revenue reductions due to the revenue flow changes in the bill. Also, for each county, the block grant payments to the countywide elementary and high school retirement funds will be adjusted to take into account and reflect the reductions in revenue that would have occurred under current law HB20 and SB417 reimbursement programs, for all local government units in the county. This phase out will increase county GTB payments by $665,675 in FY 2002 and $1,331,350 in FY 2003. The proposal allows for an increase in the block grant to countywide transportation of 1.5% in fiscal year 2004 and 1.5% in fiscal year 2005 and must be increased in each succeeding fiscal year by the amount of the growth factor in the entitlement share provided to counties and cities and towns.
9. The state will make block grant payments to counties for countywide transportation mills. The payment amount is based on the amount necessary to replace revenue reductions due to the revenue flow changes in the bill. Because a few counties did not have enough retirement replacement block grant funds to fully

account for the reimbursement reductions in HB20 and SB417, the balance required to fully account for these reductions removed from the countywide transportation block grant.

State Government Impacts

10. Administrative costs associated with the state assumption of district courts are estimated to be $442,127 in fiscal 2002 and $412,377 in fiscal 2003. These administrative costs are included in the fiscal note for SB176, but are also shown here to illustrate the impact of both proposals.
11. The Department of Commerce will have administrative costs associated with implementing revisions in local government accounting laws (SB138) of $28,446 in fiscal year 2003.
12. The proposal discontinues the personal property tax reimbursement programs that currently exist under HB20 and SB417. Although under current law the SB184 reimbursement program automatically discontinues after fiscal year 2001, the fiscal year 2001 reimbursement levels are included in the Governor's budget in response to legislative intent and have been included as current expense.
13. Revenue from light vehicles currently going to the special revenue account for district courts would be shifted to the state general fund.
14. All other revenue from motor vehicles, other than local option taxes and gross vehicle weight (GVW) fees, would be sent to the state. The Proportionally Registered Fleets (IRP) fees are deposited in the Department of Transportation Highway account and the remainder is deposited in the state general fund.
15. All gaming revenue would be deposited in the general fund. Associated with the revenue flow change of gaming revenue is a one-time revenue increase from accruing this revenue to the state general fund.
16. Under the proposal, most district court fees would be deposited in the state general fund.
17. Under current law, 80% of collections from financial institutions under the corporation license tax is returned to local governments where the financial institution is located. Under this bill, the state would retain all revenue from corporation license taxes levied on financial institutions. Associated with this revenue flow change of corporation license taxes levied on financial institutions is a one-time revenue increase from accruing this revenue to the state general fund.
18. All alcohol-related revenues would be retained in full by the state, and the portion currently allocated to local governments is deposited in the state general fund.
19. There are other funding changes that result in a gain in revenue or reduction in expense for the state. These changes are categorized as all other impacts. A listing of the changes is found in appendix A.

Department of Environmental Quality

20. The House of Representatives will concur the Governor's amendatory veto of SB 168 and the junk vehicle disposal fees will be established as provided in SB 168.

Office of Public Instruction

21. The OPI will need $25,000 for programming costs to perform the calculations for the school and county block grant programs and .25 FTE and $12,500 annually for additional fiscal staff to manage payments to school districts and counties.

Department of Natural Resources and Conservation

22. DNRC will no longer make payments to local governments in lieu of tax, which is an annual savings of $560,578. Previously this has been shown in the "all other impacts" section as a revenue. This payment will be included in the entitlement share payment.

Impact of Funding Shifts on State Agencies:

23. Under this bill, some revenues from fees paid on vehicles which are currently earmarked revenues to state agencies would flow to the state general fund. The earmarked revenue would be replaced with statutory transfers of state general fund. The transfers, as seen in new section 3, are designed to be equivalent to the current law earmarking. The transfers would be based on vehicle counts, thereby holding the revenue flow neutral. State agencies would continue to use state special appropriations to spend this transferred general fund revenue.

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Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03
Personal Property Reimbursements	73,389,886	70,744,611
MV - District Court 10%	5,742,983	5,829,127
MV - All Other	75,484,466	76,616,733
Gaming Revenue	28,333,194	30,429,850
Gaming Revenue Accrual	6,944,410	
District Court Fees	1,906,941	1,906,941
Financial Institutions Tax	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0
Alcohol-Related Taxes	4,116,407	4,213,185
All Other Impacts (revenue only)	1,528,642	1,528,642
Total Revenue Impacts	**212,243,762**	**198,667,507**

State G.F. - Entitlement Growth Rate of 3.0%

Expenditure Impacts	FY02	FY03
State Funded Welfare	(15,167,615)	(15,545,703)
State Funded District Courts	(21,478,074)	(22,122,416)
Entitlement Share		
Counties	(35,029,093)	(36,079,966)
Cities	(45,296,073)	(46,654,955)
TIF's (original)	(4,776,051)	(4,776,051)
TIF savings (termination of districts)	7,456	922,272
TIF payment to Industrial Districts	(600,000)	(600,000)
Schools K-12 replacement of revenue	(65,114,292)	(65,114,292)
County Retirement	(10,453,307)	(7,842,980)
County Transportation	(2,263,149)	(2,238,757)
DNRC eliminate PILT	560,578	560,578
Judicial Branch Costs - District Courts	(442,127)	(412,377)
Commerce, OPI, Justice	(43,238)	(40,946)
GTB Retirement	(665,675)	(1,331,350)
GTB School District General Fund	344,594	686,516
Total Expenditure Impacts	**(200,416,066)**	**(200,590,427)**

Impact to State

Category	FY02	FY03
Revenue	212,243,762	198,667,507
Expenses	(200,416,066)	(200,590,427)
Net Change	**11,827,697**	**(1,922,920)**

Department of Transportation

24. Summary of impacts to the Department of Transportation Highway Revenue account:

Impact:	FY 2002	FY 2003
Section 3 General fund transfer	$3,641,987	$3,696,617
Section 172 Registration Fees	(7,960,000)	(8,080,000)
Section 176 Proportionally Registered Fleets	4,514,748	4,514,748
Section 180 No county admin reduction	394,712	394,811
Net Gain (Fund 02422)	$591,447	$526,176

Fish, Wildlife and Parks

25. HB132 has been passed and approved, the boat in lieu tax continues and so federal Wallop-Breaux motorboat funds continue and so does this program.

Department of Justice, Motor Vehicle Division

26. Operating costs for the Motor Vehicle Division would be increased by $4,500 in FY 02 (60 hours @ $75/hour) for programming the fee increases and decreases, distribution allocations, changes affecting licensing exemptions, and developing a program to provide the statistical data required. Computer costs to complete the programming are estimated at $1,238 in FY 02 only (7.5 days @ $165/day). Total operating costs would increase by $5,738 ($4,500 + $1,238) in FY 02 only.

27. Training the county treasurers to ensure the accurate implementation of the changes created by HB 124 would be completed at the annual statewide training and communications workshops, regional and local established training schedules provided by the Department of Justice, Motor Vehicle Division training unit and will not increase costs.

FISCAL IMPACT:

Expenditures:	FY2002 Difference	FY2003 Difference
Judiciary	$21,920,201	$22,534,793
Department Commerce	0	28,446
Department of Justice	5,738	0
DoT, MUS, DPHHS, Ag, DEQ, Military	0	0
DNRC	(560,578)	(560,578)
OPI school Base aid	321,081	644,834
OPI administrative expenses	37,500	12,500
OPI School Block Grants	65,114,292	65,114,292
OPI County Block Grants	12,716,456	10,081,737
DOR Entitlement Share	80,325,166	82,734,921
DOR TIF Block Grants	5,368,595	4,453,779
DOR Reimbursements (except HB 417)	(64,399,886)	(63,034,611)
TOTAL	$120,848,565	$122,010,113

Funding:

Judiciary		
General Fund (01)	$21,920,201	$22,534,793
Commerce		
General Fund (01)	0	28,446

Department of Justice		
General Fund (01)	5,738	0
Department of Natural Resources and Conservation		
General Fund (01)	(560,578)	(560,578)
Office of Public Instruction		
General Fund (01)	78,189,329	75,853,363
DPHHS		
General Fund (01)	15,167,615	15,545,703
State Special Revenue (02)	(15,167,615)	(15,545,703)
Subtotal	0	0
MUS		
General Fund (01)	194,088	194,088
State Special Revenue (02)	(194,088)	(194,088)
Subtotal	0	0
Department of Revenue		
General Fund (01)(statutory)	21,293,785	24,154,089
All Agencies		
General Fund (01)	$136,210,268	$137,749,904
State Special Revenue (02)	(15,361,703)	(15,739,791)
TOTAL	$120,848,565	$122,010,113
Transfers		
General Fund (01)	(6,695,892)	(6,750,522)
State Special Revenue (02)	6,695,892	6,750,522
TOTAL	$0	$0
Revenues:		
General Fund (01)		
Motor vehicles – state special 6-mill levy	$194,088	$194,088
Motor vehicles – special fees	11,013,905	11,133,905
Motor vehicles – local (less section 176)	71,263,110	72,395,377
Motor vehicles – District Courts	5,742,983	5,829,127
District Court Fees to courts	1,906,941	1,906,941
Gaming Revenue	35,277,604	30,429,850
Financial Institutions	14,796,834	7,398,417
Alcohol related taxes	4,116,407	4,213,185
All Other (revenue only)	1,528,642	1,528,642
Reimbursements SB 417	8,990,000	7,710,000
Total general fund	$154,830,514	$142,739,532
State Special Revenue (02)		
Motor vehicles – state special 6-mill levy	(194,088)	(194,088)
Motor vehicles – special fees	(11,013,905)	(11,133,905)
Welfare – DPHHS	(15,167,615)	(15,545,703)
Dept. of Transportation (176 and 180)	4,909,460	4,909,559
Total state special	($21,466,148)	($21,964,137)

Total Revenue	$133,364,366	$120,775,395
Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	$11,924,354	($1,790,894)
State Special Revenue (02) Transportation	591,447	526,176

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The shifts in revenue to the state result in losses in revenue to all counties and municipalities. Local governments would be kept whole, however, under the Entitlement Share program. In the first year of the Entitlement program, the Entitlement Share payments are to approximate the proposed shift of revenue plus an estimated 3% growth. In following years, the Entitlement Share payment will grow according to a measure of economic conditions in the state.

The proposal changes the property tax revenue limitation currently in 15-10-420. Under current law local governments are only allowed to grow property tax revenues by the revenue generated by newly taxable property. Those local governments without newly taxable property would see no growth in property tax revenue. Under the proposal local governments are allowed to grow property tax revenues at one-half the average rate of inflation for the prior 3 years. This growth would be in addition to the property tax revenue generated by newly taxable property.

LONG RANGE IMPACTS:
Ongoing deficit concerns:

a. The one-time revenue sources in fiscal year 2002 keep the cumulative total costs to the state positive through the 2003 and 2005 biennial budgets. The net revenue and expense to the general fund is negative and growing from fiscal years 2003 – 2005. The deficit grows from $2.5 million in FY 2003 to $4.8 million in FY 2005.
b. The phase-out of reimbursements for HB20 and SB417 of $2.65 million per year through fiscal 2009 can not continue to be subtracted from the county-wide retirement and transportation block grants beyond fiscal year 2004 as there is not enough revenue in those block grants to cover the costs in many counties. This is an $11 million revenue shortfall per year once phase-out is complete.
c. The total deficit by 2011 is anticipated to be approximately $20 million per year.

TECHNICAL NOTES:

1. Several agencies will need adjustments to appropriations in HB2 or HB124: The Montana University System six-mill levy replacement, DPHHS welfare (fund switch), the Office of Public Instruction the Department of Justice will need operating authority.
2. Section 1(1) calculates entitlement shares for lost revenues to local governments for revenues which the act does not eliminate or reduce the local revenue. This occurs in subsections: (e) manufactured homes fees with no change in local revenues in 15-1-116; (g) coal severance tax allocations for county land planning with no change in local revenues in 15-35-108; (i) late filing fees with no change in local revenues in 61-3-201; and (n) single movement permit fees with no change in local revenues in 61-4-311.
3. Section 3(1) appropriates funds to replace losses to the adoption services account however the funding for this account from district court fees is maintained in Section 143.
4. Section 180 eliminates the county administration allocation of 5% of GVW fees yet Section 1 does not include these in the calculation of entitlement shares.
5. If HB124 is passed and approved, the government of the State of Montana will accept several global risks that it currently does not have:

a. Revenue risk for motor vehicle fees, gambling, and all other revenue moved to the State of Montana
b. Expenditure risk for
   - Assumption of district court expenses: will the state be able to control the costs of the district courts.
   - Assumption of welfare: how much will it cost to equalize services across the state, can enough efficiency be gained, will the state be able to control costs
   - Growth rates of the entitlement share, will the revenues of the state keep pace with the requirements of the growth rate of the entitlement share?

7. Highway state special revenue account is receiving more general fund than is necessary to keep the account at the current law level. The general fund transfer in HB124 to the Department of Transportation should be reduced.

Department of Commerce

8. Section 95 revises the restrictions on local mill levies new limitations of 15-10-420, which now allow local governments to levy less than the maximum and retain the capacity to levy to the maximum at a later time without a vote. This may make it more difficult to audit the propriety of the mill levies because the level at which the mill can be set is dependent on local management philosophy which may change from year to year.

Department of Justice, Motor Vehicle Division:

9. Montana Statute 15-20-[illegible], MCA, provides that changes to the taxation fees in lieu of taxes for motor vehicles are to be effective the first day of January following passage and approval of the legislation which allows for fair and equal treatment of all Montana taxpayers. Since this bill is effective July 1, 2001, there would be a disparity in the types of collection and the distribution of those fees.
10. It may not be possible to complete the programming required by the State and the counties to implement this bill by July 1, 2001.

Department of Justice, Gambling Control Division:

11. There are a few local jurisdictions that currently do not receive a distribution of video gambling machine taxes or permit fees because they currently do not have any video gambling machines permitted or active within the jurisdiction. There may come a time when a gambling operator is licensed and machines are permitted in those jurisdictions after July 1, 2001. Under the law as it is written it appears that local government distributions will not be adjusted to reflect this fact.

Department of Public Health and Human Services Program 33, Addictive & Mental Disorders

12. SB317 and Section 106, Section 16-1-406, MCA combined create a revenue loss to DPHHS of approximately $21,000 per year. Current statute allows for a collection of $1.00 of the $4.30 tax assessed per barrel of beer. This amendment changes this collection to 23.26% of the total tax collected per each barrel with a maximum collection of $4.30 per barrel. Smaller brewers will be taxed at a lower amount.

Appendix A
There are other funding changes that result in a gain in revenue for the state. These changes are categorized as all other impacts. A listing of the changes is in Table 4 below.

Table 4
List of Category "All Other Impacts"

Revenue Impacts	Impact on State Government FY02	FY03
County Title-Road Funds	429,720	429,720
County Personalized Plate Fee ($20 of $25)	424,990	424,990
Late Filing Fee	202,466	202,466
County Land Planning	198,663	198,663
State Aeronautics Fee	192,514	192,514
Special Mobile Equipment	45,611	45,611
Off-Highway County Titling	9,003	9,003
Disabled Veteran Flat Fee	7,486	7,486
Single Movement Permit	7,239	7,239
Veterans/Purple Hear $10 Original County General $3	6,602	6,602
Camper Decal/Replacement Decal	4,140	4,140
County Manufactured Home De-Title	208	208
Total Revenue Impacts	1,528,642	1,528,642

Note: DNRC PILT payment moved to expense

Note: While the above represent a proposed shift in revenue flow from local government to the state, it *does not mean* that local governments would lose revenue currently coming from these sources. The amount of revenue currently in these sources is included in the Entitlement Share payment to local governments.

SENATE COMMITTEE OF THE WHOLE AMENDMENT

House Bill 124
Senator Jim Elliott

Mr. Chairman:

I move to amend **House Bill 124** (second house second reading copy – tan).

Signed: _____
Senator Jim Elliott

And, that such amendments to **House Bill 124** (second house second reading copy – tan) read as follows:

1. Title, page 1, lines 10 through 12.
Following: "ENTITLEMENTS TO" on line 10
Strike: remainder of line 10 through "COSTS" on line 12
Insert: "OFFSET PROPERTY TAX REDUCTIONS"

2. Title, page 1, lines 13 through 23.
Strike: "PROVIDING" on line 13 through ";" on line 23

3. Title, page 1, line 24.
Strike: "3-2-714, 3-5-901,"

4. Title, page 1, line 25.
Following: "7-6-2319,"
Insert: "7-6-2324,"

5. Title, page 1, line 26.
Strike: "7-6-2523,"

6. Title, page 2, lines 7 and 8.
Strike: "10-2-501, 10-2-603," on line 7
Following: "13-13-230," on line 7

ADOPT 39-9 Amend. moved. 2nd Time

REJECT 17-31

SENATE

AC HB 124-2

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Insert: "15-1-111, 15-1-112,"
Strike: "15-1-501," on line 7
Following: "15-10-420," on line 7
Strike: remainder of line 7 through "16-1-411," on line 8

7. Title, page 2, line 9.
Strike: "19-6-709,"

8. Title, page 2, lines 10 through 13.
Strike: "20-9-141," on line 10
Following: "20-9-168" on line 10
Strike: remainder of line 10 through "20-10-146," on line 11
Strike: "20-25-1002," on line 11
Following: "22-1-304," on line 11
Strike: remainder of line 11 through "25-1-201," on line 13
Strike: "40-4-215,"

9. Title, page 2, line 14.
Strike: "40-4-226, 41-3-1122, 42-2-105,"
Strike: "52-6-105, 53-2-207, 53-2-301, 53-2-304,"

10. Title, page 2, lines 15 through 18.
Strike: "53-2-612, 53-3-115, 53-3-116," on line 15
Following: "53-21-204," on line 15
Strike: remainder of line 15 through "67-3-205," on line 18
Strike: "72-16-909, 72-16-912,"

11. Title, page 2, line 19.
Strike: "75-10-533,"
Strike: "76-13-201,"

12. Title, page 2, lines 20 through 24.
Following: "76-15-623," on line 20
Strike: remainder of line 19 through "81-7-202," on line 24

13. Title, page 2, line 25.
Following: "MCA"
Strike: ","

14. Title, page 2, line 26.
Strike: AND SECTION 5, CHAPTER 95, LAWS OF 2001"

15. Title, page 2, line 27.
Following: line 26
Insert: "3-5-404,"

16. Title, page 2, line 28 through title, page 3,line 2.
Following: "7-34-2136," on page 2, line 28
Strike: remainder of line 28 through "15-1-112," on page 2, line 29
Insert: "AND"
Following: "15-7-122," on page 2, line 29
Strike: remainder of line 29 through "80-7-810," on page 3, line 2

17. Title, page 3, lines 3 and 4.
Following: "MCA"
Insert: ", AND SECTIONS 66(2) AND 68(2), CHAPTER 422, LAWS OF 1997"
Following: "PROVIDING" on line 3
Insert: "AN"
Following: "EFFECTIVE" on line 3
Strike: remainder of line 3 through "APPLICABILITY" on line 4

18. Page 3, line 12 through page 6, line 4.
Following: "." on page 3, line 12
Strike: remainder of line 12 through page 6, line 4 in its entirety
Insert: "The amount of each local government's entitlement share is the amount received pursuant to section 167, Chapter 584, Laws of 1999."
Renumber: subsequent subsections

19. Page 6, lines 6 through 11.
Strike: "and" on line 6
Following: "town"
Insert: ", a school district, a miscellaneous district, or any other local district that levies mills"
Following: "." on line 6
Strike: remainder of line 6 through line 11 in its entirety
Insert: "The term does not include the state."

20. Page 6, lines 12 and 13.
Strike: "(A)" on line 12
Following: "section" on line 12
Strike: remainder of line 12 through "(6)" on line 13

21. Page 6, line 19 through page 9, line 8.

Strike: page 6, line 19 through page 9, line 8 in their entirety

22. Page 9, line 27 through page 12, line 22.
Strike: section 3 in its entirety
Renumber: subsequent sections

23. Page 14, lines 5 through 13.
Strike: section 5 in its entirety
Renumber: subsequent sections

24. Page 14, line 30 through page 16, line 26.
Strike: sections 7 and 8 in their entirety
Renumber: subsequent sections

25. Page 23, line 27.
Insert: "**Section 17.** Section 7-6-2324, MCA, is amended to read:

"**7-6-2324. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of expenditures, itemized and classified as required in 7-6-2313 and 7-6-2314 and as finally fixed and adopted and as may be amended as provided in 7-6-2320 by the board of county commissioners, constitutes the appropriations for the county for the fiscal year intended to be covered by the estimates.

(2) Except as provided in ~~3-5-404,~~ 7-6-2325~~,~~ and 7-31-2101, the county commissioners and every other county official, including judges of the district court, ~~is~~ are limited in the making of expenditures or incurring of liabilities to the amount of the detailed appropriations and classifications, respectively.

(3) This section does not apply to a county that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6.""
Renumber: subsequent sections

26. Page 27, line 28 through page 28, line 8.
Strike: section 28 in its entirety
Renumber: subsequent sections

27. Page 72, line 14 through page 74, line 6.
Strike: sections 90 and 91 in their entirety
Renumber: subsequent sections

28. Page 74, line 15.
Insert: "**Section 87.** Section 15-1-111, MCA, is amended to read:

"**15-1-111. (Temporary) Reimbursement to local governments and schools -- duties of department and county treasurer -- statutory appropriation.** (1) Prior to September 1, 1990, the

department's agent in the county shall supply the following information to the department for each taxing jurisdiction within the county:

(a) the number of mills levied in the jurisdiction for tax year 1989;

(b) the number of mills levied in the jurisdiction for tax year 1990;

(c) the total taxable valuation for tax years 1989 and 1990, reported separately for each year, of all personal property not secured by real property; and

(d) the total taxable valuation for tax years 1989 and 1990, reported separately for each year, of all personal property secured by real property.

(2) After receipt of the information from its agent, the department shall calculate the amount of revenue lost to each taxing jurisdiction, using current year mill levies, due to the annual reduction in personal property tax rates set forth in 15-6-138, prior to 1994, and any reduction in taxes based upon recalculation of the effective tax rate for property in 15-6-145, prior to 1994. The department shall total the amounts for all taxing jurisdictions within the county.

(3) (a) The department shall remit to the county treasurer 50% of the amount of revenue reimbursable, determined pursuant to subsection (1), on or before November 30 and the remaining 50% on or before May 31.

(b) For tax year 1993 through tax year 1998, the department shall remit to the county treasurer of each county the same amount remitted to the county treasurer for the fiscal year 1991, as adjusted by the result of dissolved or combined taxing jurisdictions, as provided for in subsection (7). Fifty percent of the amount must be remitted on or before November 30 and the remaining 50% on or before May 31.

(c) (i) For ~~tax year 1999 through tax year 2008~~ each succeeding tax year, the department shall remit to the county treasurer of each county the same amount remitted to the county treasurer for ~~the~~ fiscal year ~~1991, progressively reduced by 10% of the 1991 amount each year, in accordance with the following schedule:~~

~~Tax Year Percentage of 1991 Remittance Amount~~

~~1999 90~~
~~2000 80~~
~~2001 70~~
~~2002 60~~
~~2003 50~~
~~2004 40~~
~~2005 30~~
~~2006 20~~
~~2007 10~~
~~2008 and following years 0~~ 2001.

(ii) The amount remitted must be adjusted by the result of dissolved or combined taxing jurisdictions, as provided for in subsection (7). Fifty percent of the amount must be remitted on or before November 30 and the remaining 50% on or before May 31.

(4) Upon receipt of the reimbursement from the department, the county treasurer shall distribute the reimbursement to each taxing jurisdiction as calculated by the department.

(5) For the purposes of this section and subject to subsection (7), "taxing jurisdiction" means a jurisdiction levying mills against personal property and includes but is not limited to a county, city, school district, tax increment financing district, and miscellaneous taxing district and the state of Montana.

(6) The amounts necessary for the administration of this section are statutorily appropriated, as provided in 17-7-502, from the general fund to reimburse eligible taxing jurisdictions for reductions in tax rates on personal property.

(7) The following apply to taxing jurisdictions that were altered after tax year 1989:

(a) A taxing jurisdiction that existed in tax year 1989 and that no longer exists is not entitled to reimbursement under this section.

(b) A taxing jurisdiction that existed in tax year 1989 and that is split into two or more taxing jurisdictions or that is annexed to or is consolidated with another taxing jurisdiction is entitled to reimbursement based on the portion of 1989 taxable value within each new taxing jurisdiction. The department shall determine the portion of 1989 taxable value located in each taxing jurisdiction.

(c) A taxing jurisdiction that did not exist in tax year 1989 is not entitled to reimbursement under this section unless the jurisdiction was created as described in subsection (7)(b). (Repealed effective July 1, 2008--secs. 66(2), 68(2), Ch. 422, L. 1997.)""

"Section 88. Section 15-1-112, MCA, is amended to read:

"15-1-112. Business equipment tax rate reduction reimbursement to local government taxing jurisdictions. (1) On or before January 1, 1996, for the reduction in payment under subsection (4) and by June 1 of 1996, 1997, and 1998 for all other reimbursements in this section, the department of revenue shall determine a reimbursement amount associated with reducing the tax rate in 15-6-138 and provide that information to each county treasurer. The reimbursement amount must be determined for each local government taxing jurisdiction that levied mills on the taxable value of property described in 15-6-138 in the corresponding tax year. However, the reimbursement does not apply to property described in 15-6-138 that has a reduced tax rate under 15-24-1402.

(2) (a) The reimbursement amount to be used as the basis for the payment reduction under subsection (4) is the product of multiplying the tax year 1995 taxable value of property described in 15-6-138 for each local government taxing jurisdiction by the tax year 1995 mill levy for the jurisdiction and then multiplying by 1/9th.

(b) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1996 is the amount determined under subsection (2)(a) unless the tax year 1996 market value of property described in 15-6-138, for the particular local

government taxing jurisdiction, is more than the tax year 1995 market value for property described in 15-6-138 in the same jurisdiction.

(ii) If the tax year 1996 market value is greater than the tax year 1995 market value for a particular jurisdiction, then the reimbursement amount for tax year 1996 is the result of subtracting the simulated 1996 tax from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the jurisdiction. The simulated 1996 tax for the particular jurisdiction is the actual tax year 1996 taxable value of property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the simulated 1996 tax is greater than the 1995 tax, the reimbursement amount is zero.

(c) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1997 is the amount determined under subsection (2)(a) multiplied by two unless the tax year 1997 market value of property described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995 market value for property described in 15-6-138 in the same jurisdiction.

(ii) If the tax year 1997 market value is greater than the tax year 1995 market value for a particular jurisdiction, then the reimbursement amount for tax year 1997 is the result of subtracting the simulated 1997 tax from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the jurisdiction. The simulated 1997 tax for the particular jurisdiction is the actual tax year 1997 taxable value of property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the simulated 1997 tax is greater than the 1995 tax, the reimbursement amount is zero.

(d) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1998 is the amount determined under subsection (2)(a) multiplied by three unless the tax year 1998 market value of property described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995 market value for property described in 15-6-138 in the same jurisdiction.

(ii) If the tax year 1998 market value is greater than the tax year 1995 market value for a particular jurisdiction, then the reimbursement amount for tax year 1998 is the result of subtracting the simulated 1998 tax from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the jurisdiction. The simulated 1998 tax for the particular jurisdiction is the actual tax year 1998 taxable value of property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the simulated 1998

tax is greater than the 1995 tax, the reimbursement amount is zero.

(3) (a) For purposes of this section, "local government taxing jurisdiction" means a local government rather than a state taxing jurisdiction that levied mills against property described in 15-6-138, including county governments, incorporated city and town governments, consolidated county and city governments, tax increment financing districts, local elementary and high school districts, local community college districts, miscellaneous districts, and special districts. The term includes countywide mills levied for equalization of school retirement or transportation.

(b) The term does not include county or state school equalization levies provided for in 20-9-331, 20-9-333, and 20-9-360. It also does not include any state levy for welfare programs provided for in 53-2-813.

(c) Each tax increment financing district must receive the benefit of the state mill on the incremental taxable value of the district.

(4) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in June of 1996 by an amount equal to 38% of the reimbursement amount determined under subsection (2)(a) for all of the local government taxing jurisdictions in the county.

(5) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in December of 1996 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(6) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in June of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the local government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for tax year 1997 for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(7) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in December of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(8) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in June of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the local government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for tax year 1998 for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(9) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in December of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1998 for all of the local government taxing jurisdictions in

the county, as determined by the department under subsection (2).

(10) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in June of 1999 by an amount equal to 69% of the reimbursement amount for tax year 1998 for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(11) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in December of ~~the years 1999 through 2007~~ each year by an amount equal to 31% of the reimbursement amount determined in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(12) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360 in June of ~~the years 2000 through 2008~~ each year by an amount equal to 69% of the reimbursement amount determined in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by the department under subsection (2).

(13) (a) The reimbursement amount for ~~tax year 1999 and~~ each ~~subsequent~~ tax year ~~for 9 years must be progressively reduced each year by 10%~~ is 70% of the reimbursement amount for tax year 1998~~, according to the following schedule:~~

~~Tax Year Percentage of 1998 Reimbursement Amount~~
~~1999 90~~
~~2000 80~~
~~2001 70~~
~~2002 60~~
~~2003 50~~
~~2004 40~~
~~2005 30~~
~~2006 20~~
~~2007 10~~
~~2008 and following years 0~~.

(b) The reimbursement amount for each tax year must be the basis for reducing the amount remitted to the state for the levy imposed under 20-9-360 in December of the same year and June of the following year.

(14) The county treasurer shall use the funds from the reduced payment to the state for the levy imposed under 20-9-360 to reimburse each local government taxing jurisdiction in the amount determined by the department under subsection (2). The reimbursement must be distributed to funds within local government taxing jurisdictions in the same manner as taxes on property described in 15-6-138 are distributed. The reimbursement in June must be distributed based on the prior year's mill levy, and the reimbursement in December must be based on the current year's mill levy.

(15) Each local government taxing jurisdiction receiving reimbursements shall consider the amount of reimbursement that will be received and lower the mill levy otherwise necessary to fund the budget by the amount that would otherwise have to be raised by the mill levy.

(16) A local government taxing jurisdiction that ceases to exist after October 1, 1995, will no longer be considered for revenue loss or reimbursement purposes. A local government taxing jurisdiction that is created after January 1, 1996, will not be considered for revenue loss or reimbursement purposes. If a local government taxing jurisdiction that existed prior to January of 1996 is split between two or more taxing jurisdictions or is annexed to or is consolidated with another taxing jurisdiction, the department shall determine how much of the revenue loss and reimbursement is attributed to the new jurisdictions."
Renumber: subsequent sections

29. Page 77, line 5 through page 78, line 1.
Strike: section 94 in its entirety
Renumber: subsequent sections

30. Page 82, line 11 through page 94, line 27.
Strike: sections 96 through 107 in their entirety
Renumber: subsequent sections

31. Page 95, line 26.
Following: "~~15-31-702,~~"
Insert: "15-31-702;"

32. Page 95, line 27.
Following: "~~16-1-411,~~"
Insert: "16-1-404; 16-1-406; 16-1-411;"

33. Page 95, line 28.
Following: "~~19-6-709,~~"
Insert: "19-6-709;"

34. Page 95, line 29.
Following: "23-5-409;
Insert: "23-5-610;"

35. Page 96, line 1.
Following: "~~67-3-205,~~"
Insert: "67-3-205;"

36. Page 96, line 2.
Following: "~~77-1-505,~~"
Insert: "77-1-505;"

37. Page 96, line 18 through page 97, line 26.

Strike: section 109 in its entirety
Renumber: subsequent sections

38. Page 102, line 11 through page 104, line 7.
Strike: section 118 in its entirety
Renumber: subsequent sections

39. Page 106, line 13 through page 110, line 25.
Strike: sections 120 through 122 in their entirety

40. Page 113, line 3 through page 115, line 17.
Strike: section 123 in its entirety
Renumber: subsequent sections

41. Page 118, line 4 through page 119, line 16.
Strike: section 124 in its entirety
Renumber: subsequent sections

42. Page 122, lines 19 through 26.
Strike: section 128 in its entirety
Renumber: subsequent sections

43. Page 130, line 10 through page 146, line 18.
Strike: sections 130 through 142 in their entirety
Renumber: subsequent sections

44. Page 147, line 13 through page 152, line 26.
Strike: sections 143 and 144 in their entirety
Renumber: subsequent sections

45. Page 153, line 18 through page 157, line 2.
Strike: section 145 in its entirety
Renumber: subsequent sections

46. Page 158, line 26 through page 161, line 26.
Strike: sections 147 through 150 in their entirety
Renumber: subsequent sections

47. Page 163, line 3 through page 166, line 19.
Strike: section 153 through section 156 in their entirety
Renumber: subsequent sections

48. Page 167, line 4 through page 172, line 7.

Strike: section 157 through section 159 in their entirety
Renumber: subsequent sections

49. Page 174, line 21 through page 186, line 28.
Strike: section 162 through section 169 in their entirety
Renumber: subsequent sections

50. Page 187, line 11 through page 188, line 22.
Strike: sections 170 and 171 in their entirety

51. Page 189, line 2 through page 197, line 11.
Strike: section 172 through section 183 in their entirety
Renumber: subsequent sections

52. Page 201, lines 1 through 24.
Strike: section 187 through section 189 in their entirety
Renumber: subsequent sections

53. Page 204, line 27 through page 205, line 11.
Strike: section 196 in its entirety
Renumber: subsequent sections

54. Page 207, line 17 through page 226, line 10.
Strike: section 201 through section 238 in their entirety
Renumber: subsequent sections

55. Page 229, line 10 through page 237, line 25.
Strike: section 245 through section 247 in their entirety
Renumber: subsequent sections

56. Page 238, line 4 through page 240, line 10.
Strike: sections 248 through 253 in their entirety
Renumber: subsequent sections

57. Page 240, line 12.
Strike: "(1)"
Following: "Sections"
Insert: "3-5-404,"

58. Page 240, line 14.
Strike: "15-1-111, 15-1-112,"
Insert: "and"

59. Page 240, lines 15 through 18.
Strike: "17-3-214" on line 15 through "80-7-810," on line 18
Following: "MCA,"
Insert: " and sections 66(2) and 68(2), Chapter 422, Laws of 1997,"

60. Page 240, line 19.
Strike: subsection (2) in its entirety

61. Page 240, line 21.
Strike: "[Sections 1, ~~and~~ 3, 5, AND 252] are"
Insert: "[Section 1] is"

62. Page 240, line 23.
Strike: "[sections 1, ~~and~~ 3, 5, AND 252]"
Insert: "[section 1]"

63. Page 241, line 2.
Strike: "NOT"
Strike: ":"

64. Page 241, lines 3 through 7.
Strike: "(A) [SECTION 1(1)(D) OF THIS ACT]" on line 3
Insert: ", Senate Bill No. 176"
Following: "VOID" on line 3
Strike: remainder of line 3 through "VOID" on line 7

65. Page 241, line 8 through page 243, line 20.
Strike: subsections (3) through (10) in their entirety
Renumber: subsequent subsection

66. Page 245, lines 28 and 29.
Strike: "**dates**" on line 28
Insert: "**date**"
Following: "**dates.**" on line 28
Strike: remainder of line 28 through "]" on line 29
Insert: "[This act]"

67. Page 246, lines 3 through 6.
Strike: lines 3 through 6 in their entirety

- END -

SENATE TAXATION
DATE 4/9/01
EXHIBIT NO. 1
BILL NO. HB 124

Is this the only option?? NO.

We have prepared a "stripped down" version of HB124 that takes the core elements of HB124 and allows further consideration of the more sweeping changes considered in HB124.

- Establishes entitlement share based on current law reimbursements; significantly less money than in HB124
- Reimburses local governments for TIFs to cover bonding commitments
- Can set up growth factor same as HB124 but with significantly less fiscal impact to state general fund than HB124
- Leaves local control over "other" revenue sources and eliminates assumption of district courts
- Contains certain provisions of HB124 worked out by counties that help local governments that do not affect funding
    - All specific mill caps eliminated for each fund –e.g. road fund, park fund (more flexibility)
    - Jurisdictional (county, city) mill cap is revised—eliminates incentive to levy maximum allowable mills(Hargrove); inflation factor added to cap; exclusions for judgment levies, protested tax levies, emergency levies
    - Livestock per capita levies and hail insurance levies are treated as true fees and are not collected on property tax statements as assessments
    - Uniform election procedures provided for all mill levy elections

SENATE TAXATION
DATE 4/9/01
EXHIBIT NO. 2
BILL NO. HB124

Legislative Fiscal Division
HB124 Local Government Funding
In Millions

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Expenditures										
Personal Property Reimbursements										
HB002	54.934	54.934	54.934	54.934	54.934	54.934	54.934	54.934	54.934	54.934
HB020	8.990	7.706	6.422	5.137	3.853	2.569	1.284	0.000	0.000	0.000
SB417	9.888	8.475	7.063	5.650	4.238	2.825	1.413	0.000	0.000	0.000
TIF Savings	(0.008)	(0.922)	(0.922)	(0.922)	(2.943)	(2.982)	(2.982)	(4.093)	(4.093)	(4.132)
Industrial TIF's	0.600	0.600	0.600	0.600						
Current Law	74.404	70.793	68.097	65.399	60.082	57.346	54.649	50.841	50.841	50.802
Additional Reimbursements										
Growth @ 3 & 2.3 %	0.000	0.000	1.648	3.345	4.685	6.056	7.459	8.894	10.362	11.864
TIF Savings	0.000	0.000	0.922	0.922	2.943	2.982	2.982	4.093	4.093	4.132
Industrial TIF's	0.000	0.000	0.000	0.000	0.600	0.600	0.600	0.600	0.600	0.600
TIF Subtotal	0.000	0.000	0.922	0.922	3.543	3.582	3.582	4.693	4.693	4.732
Total Additional	0.000	0.000	2.570	4.267	8.228	9.638	11.041	13.587	15.055	16.596
Proposed Annual Total	74.404	70.793	70.667	69.666	68.310	66.984	65.690	64.428	65.896	67.398
HB124 Stonington Difference	0.000	0.000	(2.570)	(4.267)	(8.228)	(9.638)	(11.041)	(13.587)	(15.055)	(16.596)
HB124 As Proposed Difference	11.695	(1.416)	(2.340)	(3.595)	(3.913)	(6.513)	(9.149)	(10.671)	(10.944)	(11.174)
HB124 Mangan Difference	11.695	(1.416)	(2.926)	(4.776)	(6.020)	(9.567)	(13.172)	(15.685)	(17.648)	(19.607)

The following exhibit
exceeds 10 pages.

Exhibit: 3
4.9.01 (9AM)
HB 124

The complete exhibit is located with the minutes are at the
Montana Historical Society Archives
225 North Roberts
Helena, Mt 59620-1202
(406) 444-4775

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
FREE CONFERENCE COMMITTEE ON HOUSE BILL 124

Call to Order: By **CHAIRMAN ROYAL JOHNSON**, on April 17, 2001 at 8:45 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:
Sen. Royal Johnson, Chairman (R)
Rep. Bob Story, Vice Chairman (R)
Rep. Jeff Mangan, (D)
Rep. John Esp (R)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Linda Keim, Secretary
Lee Heiman, Legislative Attorney

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted:
Executive Action: HB 124

CHAIRMAN JOHNSON said that since not everyone had been on the Taxation Committee, he would like to get the committee familiar with HB 124 at this meeting. He asked **REP. STORY** to tell about his bill, where it originally was, how much of it he would like to hold together, and where they would go from there.

REP. STORY said the bill came out of Senate Taxation in very good shape, the district courts took over the welfare, created the entitlement share program, everyone had a growth factor including the schools. Then it went to the Senate Floor, but before that point the Budget office had a problem with the bill. Most of the mechanics were stripped out to create the entitlement share, and turned it into a reimbursement bill. Negotiations since then have

gotten us back to the point where it can be put back into its original shape and the district courts and welfare could be assumed. The entitlement share would be scaled down because the two declining reimbursements from HB 20 and SB 417 would be set outside the bill and continue to phase out in their own time. That is the way he would like to proceed, as long as the local governments are okay with it. It is still a good working deal, and at this time the local governments are still supporting the bill, even with the Budget Director's amendments. He said he hoped to work toward reconstructing the bill so the state would assume welfare and district courts. Financially, it works for counties. Cities are marginal, especially when they have to drop down to the 2.3% in the out years. Schools will have a problem because now we don't have the revenue to give them the growth factor, other than they will be getting their vehicle growth - which is about half of what we had in **REP. MANGAN'S** amendment. The main structural difference in the proposed amendments was that the original bill held everyone to a higher entitlement share than what is under this proposal. The other amendments that need to be made to the bill have to do with the assumption that district courts push that back six months, to the end of the fiscal year. The administrative part will go in immediately, so that the Supreme Court has their staff geared up and ready to take over on July 1 and the District Court will come on the State system, 2002. There are a few other technical amendments which the Department of Revenue can explain. That is the proposal, the Budget Office and the Governor's office are on board, so then it is more a matter of whether there still is support in the Senate for that proposal, and when they go back to the House if the schools get enough funding there.

Questions from the Committee:

SEN. STONINGTON asked if it is a preference to have the growth factor at 3% in the out years. **REP. STORY** said it is his preference to leave it at 3%, but that won't fly on the Floor. **SEN. STONINGTON** questioned, even with HB 20 and SB 417 out. **REP. STORY** said that is his understanding.

ALEC HANSEN, Montana League of Cities commented that they talked to the Budget Director and the Department of Revenue about maintaining growth at 3%, and members tentatively approved 3%. With growth down to 2.3%, they don't know if the bill is still worth doing. They have to balance their budgets, and all the costs come after four years. Would like to see an amendment go in to make sure Cities and Towns can at least stay even or have marginal gains under this bill.

SEN. STONINGTON said it would be helpful to do a quick comparison. Cities like Billings, Butte and Great Falls really hurt if we don't go 3% in the out year. The whole concept is in jeopardy if the Cities think that in order to get this they will receive less money in the out years, in negative amounts.

CHAIRMAN JOHNSON asked if HB 20 will be taken out. **SEN. STONINGTON** said everyone is assuming that HB 20 and SB 417 will come out of the original bill. **CHAIRMAN JOHNSON** asked if the assumption came from a conversation concerning the Budget Office. **SEN. STONINGTON** said yes, and the fact that it did not pass on the Senate Floor with HB 20 and SB 417 in there was largely due to the influence of the Budget Office. Going along with what is acceptable with the Budget Office, at least to a certain point, will bring us together pretty soon.

REP. MANGAN said 150 people have looked at this, but now it is being driven by one person. This bill doesn't work with the 2.3% in the out years, since the Budget Office has had input. He said the numbers don't look too much different than they did when it left the House. He wants to work on the assumption that if the declining revenues stay in the bill, we need to keep the 3% across the board. He can't support 2.3%, particularly since the schools are no longer involved in this bill.

REP. STORY said he does not disagree with what **REP. MANGAN** said. With the select committee the issue was getting the bill so it worked for four years and don't worry about the rest. They thought it was a good thing that the state general fund would start to shift some money to local government. Then in Senate Tax they wanted off year projections. We started accumulating deficits and it turned into a sizable amount of money, most of which turned into local property tax relief. We were generating local property tax relief and paying for it with general funds.

SEN. STONINGTON asked if it is true that if they pull HB 20 and SB 417 out, we essentially increase local property taxes because they have the ability to float loans back up to that level as that declines. **REP. STORY** said those are declining now, and we are assuming there will be some government agency picking that back up in their mills. Some of it is small numbers that get lost in the shuffle. The first four years are about the same, because the first time, we pushed all the mill levy stuff into county retirement. It was still happening, it was just all in one account. After four years, we couldn't put any more in, the state started eating it, and it wasn't being levied anywhere. That is where the property tax came in, the out years. This plan deals with the out years.

SEN. STONINGTON said her assessment of what occurred in the Senate was fear that was inflamed by a lot of talk that was mostly protective of local government, and fear of the legislature's tendency to go back on its deals. There was little discussion about the impact of the out years.

CHAIRMAN JOHNSON agreed. He said there was a real fear of what the legislature will do to local government, because they keep doing different things to them, most of which are bad. He asked what the numbers read on the impacts with the 3% in the second section of the chart. **Brad Simshaw, Department of Revenue** said the difference between revenues and expenditures on the 3% after the ten years is a $32.854 million negative number. This is a cumulative figure.

REP. MANGAN referred to the 3.0%, going to 2.3% in the out years. Department of Revenue put the numbers together and the last one is 3.0% across the board. We are assuming the Budget Office is still on the 3.0% and the 2.3%. Is that right? **Judy Paynter** said the Budget Director called and said they could not go 3% in the out years because it raises the costs $12 million, and it raises the cumulative costs from $20.4 million to $32.9 million.

SEN. STONINGTON asked about a clause on page 16 that had not been satisfactorily addressed. "If the money appropriated for the District Court assumption is insufficient, counties have to pick up the tab". Why was that language kept in there? **REP. STORY** said he assumed that would come out in the coordinating language. **Judy Paynter** said SB 176 has a new section on 35901, so this is replaced. **SEN. STONINGTON** said if this whole thing goes, and 176 goes, this all comes out. **CHAIRMAN JOHNSON** said the counties will have no assumption and no responsibility of any overruns. **Judy Paynter** said they do have responsibility in two areas: some commitment things and public defenders. They have responsibility in helping to control those costs for fiscal 03 and then it goes totally to the state. There is a limited amount of cost that the district court has some concern about helping to control, and you give them the fiscal 01 base plus inflation. It is just to let the Supreme Court have a little time to get their hands around the budget and get the proper procedures in place. The county has one year to help control select costs. **CHAIRMAN JOHNSON** asked how the control shifts; who will finally control that. **Judy Paynter** said the District Court Council will control it, and that is comprised of four District Court Judges and one member of the State Supreme Court. They have a Supreme Court Administrator and it is anticipated that they will have a District Court Administrator with staff also. **CHAIRMAN JOHNSON** asked how it would work with that group of people who are all affected by it exercising control of it. **SEN. STONINGTON** said they will have to

appropriate funds from the legislature. She feels the pressure should come back on the policy makers to say that if we can't afford what we are doing in our judicial system, we should change our policies. It is most appropriate that this pressure comes back on us financially, because there is no other way that the legislature will respond. She said she doesn't know if the District Court Council is the right mechanism, but someone has to sit there saying yes, or no we can't afford this within the given budget that the legislature appropriates.

REP. ESP said that is in both SB 176 and HB 124, and although it is related to this, it might be a different discussion. She is right about this, and they were assured that the coordinating language would be put in.

Judy Paynter said it is difficult to trust folks, but the Montana Supreme Court has had a large general fund for many years and they have stayed within their budget and they have taken responsibility for doing so. They already have the salaries of the District Court Judges and a lot of their expenses, now they are taking over the staff that serves the District Court Judges. It is just like any other agency, they still have to come and ask you for the money. Ultimately, people are responsible and we hope that the court system is responsible also.

REP. ESP said the District Courts from the smaller counties perspective don't have much to say about what they do. We pay our part, and they do what they want. From his perspective, it is a state responsibility and a state problem. This is appropriate. **CHAIRMAN JOHNSON** asked if the budget is enough of a control over what they do, are you satisfied that the budget can control whatever happens. **REP. ESP** said he had only been here four months, and is not sure anything can control anything here.

REP. MANGAN said the committee had a discussion and he is assuming it was about the budget office's proposal for HB 124. He understands they would like to see 2.3% in the out years and asked what year that starts. **Amy Carlson, Budget Office** said it starts in 2006. **REP. MANGAN** asked if the reason is because of concern with costs. **Amy Carlson** said long term growth of revenue sources is anticipated to be 2.3% and **Director Swysgood** agreed to 3% in the short term, but in the long term he would rather have that be a closer match to the anticipated revenues. **REP. MANGAN** said one of the underlying philosophies that had been forgotten is that local governments would share the growth rate of the state. The mechanism of them sending all their money to the legislature, trusting the legislature, and getting reimbursed as Montana's economy grows will benefit local government. That seems not to be one of the Budget Office's concerns. It seems

that you are trying to keep it neutral to what your anticipated revenues come in. Does the budget office agree that local governments shall also benefit from the state's growth since they helped increase that growth? Is that what the Budget Office is saying with this proposal? **Amy Carlson** said she would limit her observations to her conversations with **Director Swysgood.** Their primary goal is to balance the state budget. Even in the current proposal there is a sharing of that revenue source because there are more costs associated with this. That partnership is there, but it is limited to **Director Swysgood's** view of the balance of how much we can absorb versus how far we can go. **REP. MANGAN** said it doesn't seem that was the philosophy with business equipment tax breaks where we lost $700 million projected over a seven year period from 1999 to 2007. If you use that logic, those tax breaks would have never happened. We have only $30 million here, and are concerned about it being revenue neutral, vs $700 million in another situation where the same underlying philosophy was used that was for economic development. Why is there a difference? If you are concerned about the $30 million "hit" to the state, then we are not expecting the income in the state to grow by at least $30 million in those five years. **Amy Carlson** deferred to **Director Swysgood** to answer at another time.

REP. MANGAN asked what type of increase in all revenues the state would see in those out years 2007 through 2011. **Judy Paynter** said they have revenue projections for 02 and 03 on growth rates, those are the same growth rates that are used all the way through to fiscal year 2011. It is almost impossible to say what they will be in reality, so they used the same estimates all the way through. **CHAIRMAN JOHNSON** asked if that is 3% growth rate. **Judy Paynter** said there was a handout that shows percentage growth rates on the bottom. It shows Motor Vehicles and District Courts 1.5% growth rates applied, and the gaming revenue looks unusual because it is 2% and 7.4%. That is because there are credits to be given to the machine operators when they connect them to the system that reports the revenue to Justice. It is basically an average of 4.2% for gaming revenue in 04 and 05. They tried to be conservative. **REP. MANGAN** asked how much overall income the state gained over the last biennium. **Judy Paynter** said $100 million a biennium. **REP. MANGAN** said $500 million is what the state will increase through fiscal year 2011. If we took that same logic, we are looking at $32 million over the whole period.

SEN. STONINGTON said as we put this package together, remember that this has been a bargain between cities, counties and the state and if we go with the 2.3% growth in the out years we hammer the cities. It is their share of the good deal that we are sacrificing, and it is worth fighting for. The least we can

do if we are taking out SB 417 and HB 20 is to keep the growth at 3% in the out years.

REP. ESP said they could settle that in the House. The difference between the two is $700,000 a year. He would rather take that $700,000 a year and spread it out over 56 counties and 200 cities and let them spend it instead of having it here for us to spend. His local government is doing a good job with what they get, they spend it on services we need, and he thinks that shift would be a positive one. Income tax growth, corporate tax, Bed tax, etc. will more than make up any difference in the state's budget.

CHAIRMAN JOHNSON asked for audience comment about using the 3% straight across and taking off the two reducing bills.

Alec Hansen referred to the spread sheet that was distributed Friday with 3% across the board. In the first four years of this program the state actually makes $2.5 million. The "net change" line indicates that the state makes $11.9 million the first year. That money isn't eaten up until fiscal year 2006. The state is getting a good deal in the first two bienniums, and keeping the growth rate at 3% the first year, the change from 2.3% to 3% is $546,000. Out of the vast sea of general fund money, the state should be able to fund $546,000. Monkeying around with these growth rates and trying to change them at the whim of the legislature or the administration or the cities and towns, completely misses the idea behind this bill. The bill was written to make cities, counties, and the state partners in the economic performance of Montana. The growth rate is supposed to be a percentage of the growth in personal income and the gross state product. We have lost that concept and he is convinced that over the next ten years corporate personal income tax collections will increase in the state to the point where Montana can afford $546,000 to share with the cities, towns and counties. 3% is a step in the right direction, an indication that the state is willing to be honest with their concerns and legitimately look at what was happening to cities under this bill. He would have a difficult time selling this to his members at 2.3%. Under this bill, $546,000 makes the difference between cities losing money and staying even.

Joe Mazurek, City of Great Falls said that **City Manager John Lotton** actively worked on the local structure finance committee and is committed to this process. He commented that legislators were afraid of what might happen to local governments, but while that may be true, you have to respect the local governments who have been in this process a long time. They have worked hard trying to develop a new partnership. They realize there is risk,

and are willing to stay in this game if they can keep some ability to participate in growth. The fact that they are willing to accept that risk themselves should be taken as a sign of good faith. In that respect, he hopes the legislature will honor the efforts that have gone into this and negotiate to at least keep the growth factor in. The growth factor is probably much less than what every state government agency will be getting over the next ten years, and if you take it at 2.3%, that is a deal that even **John Lotton** would not be willing to accept. He hopes to get the growth factor to 3%. He said that it is not a significant expense to the state.

Jani McCall, City of Billings said she spent time with **Dennis Taylor** on this and she wanted to reiterate what **Alec Hansen** has said. City of Billings is willing to commit at 3%. This was to be about a partnership between state and local governments and if it goes down to 2.3%, it is very unlikely that the City of Billings would be able to accept that.

Harold Blattey, Stillwater County Commissioner said he was the Interim Commitee Vice Chair and the whole concept that the committee had was that it was the beginning of a true partnership. The committee's intent was that there would be a revenue shift of basically state general fund dollars to local government. Revenue sharing is not a novel concept; it is used by the vast majority of states across America. He said that he thinks the money is already in there, but for whatever reasons, there were no projections for any growth in revenues such as financial institution's tax, district court fees, etc.

Tim Burton, City Manager of Helena said he agreed with everything that has been said. It is important to go back to the fact that this has been a long process and there has been a lot of participation. He has seen the deal that was made by the select committee with the budget office change on numerous occasions. The 3% is critical as we look toward a new relationship between cities and counties. This is our good faith attempt to try and be partners with the state of Montana as we address all the vast issues that we talk about from session to session. The 3% can be looked at in many different ways; one is that it is part of the good faith effort that brought them to the board. Even at 3%, there are local governments in the western half of Montana that have growth factors larger than that.

Gordon Morris, Montana Association of Counties said he viewed the 3% as being a deal breaker from the perspective of the cities, and from the larger growth oriented counties, in particular. If that is the case, we are back to a reimbursement bill. From the county perspective, it throws us back into the district court

arena and the welfare arena, etc. Those are areas that we don't have the contingent capability to fund. This bill really gets them out from under that burden. If the 3% is problematic, everything is gone, for all intents and purposes.

Mona Jamison, Gallatin County said the growth factor had always concerned them, and their major concern is becoming a reality. This is the trust factor unraveling on this bill. They were worried that the state would ultimately balance its budget on the back of local governments, and lowering the growth factor is worrisome. Asked that the bill be sent with the 3% growth factor in there; she said this is a deal breaker, 3% is the bottom line.

SEN. STONINGTON is concerned that the legislature has a reputation of breaking deals, and that the main thing they pay attention to is the impact on the general fund. Impacts on local governments are ignored, i.e. so far this session it has been that way with small breweries and large trucks. She suggested thinking about the statutory appropriation out of the general fund in a different light and have all the revenues go into a state special revenue account. It would not show up as part of the ending fund balance in that case, and would be statutorily appropriated out. In the out years when there is general fund money needed to fulfill the commitment on the entitlement shares and the other obligations, those would also be statutorily appropriated out of the general fund. This might add a layer of protection because they would have to go after the state special revenue account on one hand, and after a statutory appropriation out of the general fund as a second bill. It would give legislators more confidence that this would be a deal that would be kept in the future.

Amy Carlson, Budget Office, said the entitlement will have straight general fund in it, and would not have the ability to be a separate pool of money. Currently it is a statutory appropriation, so it does not show up in HB 2 and does need a separate bill in order to change it. **SEN. STONINGTON** asked if it shows up as part of the ending fund balance. **Amy Carlson** said yes, that calculation is done first, and it is mostly in the background, like bonding. It is not something they can get at directly, like HB 2 appropriations.

CHAIRMAN JOHNSON said the concern is that it is June 30, for example, and the ending fund balance is $185 million more than they thought it would be. They would probably call a special session to spend money. That is a danger. **SEN. STONINGTON's** question is more: is it possible to do it that way, rather than saying we ought to do it that way.

Amy Carlson said it is possible, but it is more complicated to do it that way.

{Tape : 1; Side : B}

Judy Paynter, Revenue Department said it is possible, but what it doesn't do is to set up the on going partnership that you want. She hopes these revenues come in and go to the general fund, the entitlement share is going out, and people don't come back and say all counties are entitled to are these particular revenues. Revenues that come in for motor vehicles used to be fast growing but the legislature has changed that and it is limited to the growth in the number of vehicles, which is about 1.5% a year. Local governments have no control over that. Because of those kinds of things, she hopes this is a building of a partnership. They have a statutory general fund and she hopes you don't relate revenues to what is going out and then say "we are giving you cities a gift of this amount". It isn't really a gift to cities and counties, it is revenues that are controlled by the state of Montana, both in how fast they grow or how limited they get. Or, like the small brewery bill. That was acceptable because it only cost the general fund $20,000, but it cost local governments $90,000. The only thing that got looked at was the general fund cost. That bill is going through, and cutting local government. Legislators as a whole do not realize that, and it is such a small bite that local governments are not able to come and argue against it. Her concern about setting this up in the state special revenue is that someone will say that was local government's revenue that they gave us and some will ask why we are giving them an extra general fund supplemental. Some years down the road, they will forget that the reason motor vehicles are only growing 1.5% a year was because of the referendum the legislature put out on the ballot. Local government had no way to control that. She would rather have them be a partnership that did not track which is local government and which is state.

CHAIRMAN JOHNSON asked how it would be handled if it were in the ending fund balance. **Judy Paynter** said if the ending fund balance got held over and doesn't get swept into other program's spending, she would investigate whether we could reserve in law the amount that we expect to be in excess and reserve this in fiscal 02 and 03 and hold in reserve for statutory appropriation to local government for the entitlement share payment. There are reserves to the general fund balance, so what you start out with and you look at to see what you can spend is the unreserved general fund balance.

CHAIRMAN JOHNSON asked if she would consider doing it in this bill. **Judy Paynter** said yes.

SEN. STONINGTON asked what happens under this concept if motor vehicle revenue is higher than 1.5% because we have created this windfall through the fee system. **Judy Paynter** said they were wrong on the first year of conversion and some license costs went up or down, but statewide they have a close conversion. **SEN. STONINGTON** said if growth revenues are under in this concept, local governments would be getting more revenue under current law. But now, because this is all going into the general fund, the state receives that money and local governments just get their entitlement share. **Judy Paynter** said that is what would happen.

SEN. STONINGTON said this goes to the concept of trying to find a way to reflect that in a state special revenue account. She would like everyone to explore this further. It would keep the $12 million that is going to be in surplus in 02 as a reserved account. Over the next three years it would be distributed as an entitlement share or as the whole expense part of this, decreased in revenue relative to the expenses.

Judy Paynter said she would be glad to work with **SEN. STONINGTON** on the concept of the state special revenue account and the concept of the reserve fund as a part of the general fund balance. **SEN. STONINGTON** said she would explore those on behalf of the committee and report back to them.

REP. MANGAN said this is a partnership between state and local governments, they share in the growth, and they will share in any decline. He said he would like to explore this concept also. This is the reason they need to keep the growth rate high in the out years or change the formula. We could see a huge increase in some local government revenues depending on what happens to the growth rate that the local government gets.

REP. ESP said when they look at the 3%, these are projected growth rates. The bill has an actual formula, so that if the state had a lot of economic growth, that might be because of the formulas in the bill going to 3.1% or 2.8%. It floats along on a four year average, so we are not looking at a static growth rate, we are looking at adjusting it as our economy grows or declines. If counties have growth in vehicles money, probably the state had growth in wages and other things we are basing this formula on, so that entitlement will mirror what is going on.

Judy Paynter said one of the philosophies was that local government would not change. The way they tied revenues to the gross domestic product and the change in personal income is so cities and counties could also share in individual income tax growth and their overall growth. The whole idea is that local

governments share in the entire balanced mix of the state general fund.

CHAIRMAN JOHNSON asked what would happen if there was a situation similar to the one Great Falls is currently in, where they have a potentially costly court case in Cascade County. We might be in a negative situation in our fund if the state had to pay that. Would that be correct? **Judy Paynter** said the way district court works, SB 176, is if you had a huge court case it would become a general fund cost. Wherever that large court case will be heard, they would move the court related costs to where the court case is going on that year, so maybe Cascade County would receive more general fund money that year.

CHAIRMAN JOHNSON said if it were separated out into a different account, you might have to re do that account. **Judy Paynter** said yes, that is one of the details to work out with **SEN. STONINGTON.** When you think you could put all that money into a state special revenue, the problem is that you don't want to be putting the district court and welfare in that special revenue. We would have to do modifications, it is not as simple as it looks.

SEN. STONINGTON said we have not discussed the schools. By pulling out HB 20 and SB 417, are the schools still in or not? **Tom Billido, Research Director MEA/MFT** presented the school's position on HB 124 in **EXHIBIT(frh86hb0124a01).** He said the growth factor of 1.5% for school revenues would kick in for the second biennium. Their $65 million school revenues are about 40% of the total revenues affected by HB 128. They saw elimination of the sunset and the inclusion of a partial growth factor as important. In the third biennium, the growth factor was raised to the same level as would be provided to local governments and counties, whatever that may work out to be. Previously they had talked about 70% of inflation at that point, or 3% per the discussion today. Under those terms, they remain supportive of the bill. They would continue to have those local replacement revenues available. The cost associated with including the growth factor for schools at 1.5% is $750,000 per year. He said that a reimbursement schedule of .76% is not attractive.

REP. MANGAN said he would like to hear what ideas the Budget Director had. **REP. MANGAN** said the amendment that he presented in Senate Tax regarding this same issue is not in this proposal and he would like to discuss it in this committee. Obviously this 3% in the out years is an issue. **REP. STONINGTON** said the current bill strips everything except straight reimbursement. **REP. MANGAN** said he attempted to put a growth factor in but it was stripped out.

SEN. STONINGTON asked for an explanation of what the 3% growth factor does to schools. **Judy Paynter** deferred to **Brad Simshaw, Montana Department of Revenue** who said the school block grant as it is on the 3% chart shows two lines: Schools K-12 Replacement of Revenue $56,551,062; the growth rate of .76% would result in $429,788. That growth rate is applied annually for ten years and it compounds. When it is .76% there is an additional cost of $24.185 million.

SEN. STONINGTON asked for a review comparing this with how the bill came out of Senate Taxation. **Brad Simshaw** said the only difference is that the growth rate at that time was 1.5%.

SEN. STONINGTON asked if it came out of the House with .76%. **Brad Simshaw** said it came out of the House without any growth factor, the only block grant related thing they accomplished was the inclusion of sufficient dollars in the next Governor's budget to allow us to have those dollars available to work with. The major amendments were in the Senate Tax Committee. **SEN. STONINGTON** asked for an analysis of concerns and MEA/MFT's position on the amendments from the House, keeping the sunset off so the block grant continues with the growth rate, but if it is only .76%, what is your opinion then? **Brad Simshaw** said they are meeting at noon to discuss that issue. They opposed the bill as it came out of the House, and it is questionable with the schools having a 50% reduction in their proposed growth factor.

SEN. STONINGTON asked where the .76% came from. **Judy Paynter** said the only thing they have out of their non-levy revenues that they think is growing is the motor vehicles at 1.5% a year. When it is put in the total, they would have a growth of .76%.

SEN. STONINGTON asked if the growth rate here was intended to reflect the growth rate that they have under current law. **Judy Paynter** said yes.

REP. ESP asked about **REP. MANGAN's** amendment in Senate Tax, was that 1.5% per biennium. **Judy Paynter** said it was 1.5% for fiscal 04, 1.5% for 05 and thereafter it was the same growth rate as cities and counties.

CHAIRMAN JOHNSON asked if it becomes part of the school base. **Judy Paynter** said she would read it as becoming part of the school base.

REP. MANGAN said the other part of this is that we will be looking at a new school funding formula this next biennium. This will impact that, which may be the reason schools were left out

of the bill in the first place. His amendment in Senate Tax said that once a new school funding program was developed, this would change accordingly. In January there was an amendment with $65,114 across the board, now it is $57,000 in fiscal year 02, $57,500 in 03. Is that because of declining revenues, taking out HB 20 and 184. **Judy Paynter** said that is because of taking out HB 20 and SB 417. Before, when it was held constant because HB 20 and SB 417 were going down, it really gave schools a 1% growth. When they took those out, .76% was put in to keep them where they would have been with the revenues left in the bill.

SEN. STONINGTON said when you ask if that goes into the base and you confirm that, aren't you really saying that is part of the state's share of school funding, but it doesn't change the formulas at all. If they have to levy a certain number of mills to get to their budget, it just means more local property tax and homeowners pick it up. **Judy Paynter** said **REP. MANGAN's** amendment did not get on fully in the Senate Tax. The idea would be to reserve that amount of money in 03 for budget years 04-05. It would be a new study for schools, and then the money would go to school funding in a different manner. This is not the way to put money into schools long term because it either reduces general fund costs or it reduces property tax; it does not result in the schools being able to spend money. The amendment was intended that in case the school study did not occur, you would have growth in this revenue for schools. The more ideal situation would be to make sure we reserve the amount of money in this bill for schools, make sure that gets worked into whatever new system they have for funding schools, and schools go their own way.

SEN. STONINGTON said that maintaining schools at their current level but without a sunset, because we can't guarantee we will be able to find a better way to fund schools, at least keeps their state share at current law levels. **Judy Paynter** said they could not find the study language, so they gave some amendments to reserve this money until there is a new school funding system.

SEN. STONINGTON asked **Lee Heiman** what information he had about the language in the bill concerning this reserved money for the study. **Legislative Attorney Lee Heiman** referred to section 250 of the brown bill. Page 239 has that as reservation language so that when it comes up it is in the Governor's base budget. **Judy Paynter** said the section they couldn't find is when there is a new school study. The intent is to hold this money in the executive budget so it is there for schools, when they do their new school funding formula, this money is there and can be worked in however the education people feel would be best.

REP. MANGAN said that was the amendment that was put on in the House. He asked whether the sunset had been taken out. **Lee Heiman** verified that the sunset was taken out, according to page 230, line 11.

REP. MANGAN said he is afraid the numbers are skewed in the out years. When we get a new school funding formula set up, these numbers could change. **CHAIRMAN JOHNSON** said that although the numbers change, the responsibility to fund the schools and the local governments remains the same to each of the local entities.

REP. STONINGTON said the whole concept is go ahead and put it all together, quit counting it as this piece of money goes to that function, put it in the general fund, and appropriate it as an entitlement share with a 3% growth factor to the entitlement share itself.

CHAIRMAN JOHNSON asked if that could be interpreted as relieving the committee of looking into that situation. **REP. STONINGTON** said she wanted to explore these thoughts further for the committee, but that is how she feels currently.

CHAIRMAN JOHNSON referred to page 81, lines 3-8 tax increment financing districts and asked for an explanation. **Brad Simshaw** said in the next few years there are Tax Increment Finance Districts (TIFD) that will terminate. The taxable value of their incremental value will be released and subject to local government mills and the revenue going from local government mills now will go into those local governments. If there is a release of $1 million of new taxable value that they weren't collecting on before, they will not have to reduce mills to account for that. In their calculation of 15-10-420 they can treat that as if it were new construction. **CHAIRMAN JOHNSON** said that new taxable value was based on the mills, whereas the taxable value in the tax increment district was based on a set number when the tax increment district was put into place. The reason they get there is because they are bonding; isn't that correct. **Brad Simshaw** said yes, if you look at the situation the year before the TIFD district will dissolve. If that incremental value is $1 million, and that value has grown since the inception of the initial year of the increment to finance obligations for bonds, if it is terminating those obligations are removed. All of a sudden the $1 million from which the local governments were not seeing revenue directly will have an increase in their tax base. This provision says that will be counted as newly taxable value. **CHAIRMAN JOHNSON** asked if that could be an increase in addition to the payment of the bonds created by that district. There could be another increase on top of that, just by the value of being a newly taxable district. Is that right? **Brad Simshaw**

said the concept is right. It would be the same as if all of a sudden there were $1 million of taxable value for them to generate revenue from, and no bond payments.

SEN. STONINGTON said one other issue came up in Senate Taxation, the issue of growth of newly taxable value for the growth factor allowable at the local government level. At that time, **Mary Whittinghill, Montana Taxpayers Association** brought up that she was concerned that it be either newly taxable value or 2% growth, and it was not clear how that was resolved in detail. **Judy Paynter** referred to page 80, lines 5-12 and said the revision is that whatever they have as their base, they may get one half the rate of inflation for the prior three years. In addition, under current law, they can get what is in their base, only dollar for dollar. Now they can take their base and go one half the rate of inflation and they also have newly taxable property. They have that under current law and under this law. The only change is that their base increment amount can increase by one half the rate of inflation. **SEN. STONINGTON** asked if they can take newly taxable property and increase one and one half the rate of inflation including that as their base. **Judy Paynter** said no, you can take last year's property tax which is your base, and that can increase by 1.5%. On top of that, if you had growth, you get to use the newly taxable property also for your growth value. This is on lines 8 and 21. The time of the three years for the rate of inflation, line 11, is for the prior three years. As you move over time, each current year goes back to the prior three years which moves with the tax year.

CHAIRMAN JOHNSON said he wanted to get the rest of the committee in attendance before proceeding and the next meeting would be today April 17,2001 at 1:00 P.M. in Room 472. He said they may have some of this worked out by then.

ADJOURNMENT

Adjournment: 10:30 A.M.

SEN. ROYAL JOHNSON, Chairman

Linda Keim, Secretary

JM/RJ/

MEA-MFT
Public Schools, Public Service

EXHIBIT 1
DATE 4/17/01
HB 124

HB124 – a.k.a "the big bill"

HB124 presents a laudable attempt to rationalize local government revenue collections, eliminate the crazy-quilt of existing property tax reimbursements to local governments and schools, and to assure a steady and reasonably dependable future revenue stream to local governments. The bill (and companion bills) also makes funding of the local district courts and welfare offices a state responsibility – thereby relieving counties of 2 of the fasted growing cost areas of their budgets. The bill was notably improved over six weeks of work in the House, but even after this work, MEA-MFT and the educational community as a whole continued to oppose the bill in the form presented by the House. Our opposition later turned to support as the bill was amended by the Senate Tax Committee.

In the House, bill amendments resolved school cash-flow and interest earnings questions presented by the original bill. Additionally, OPI was afforded a biennial appropriation to distribute HB124's FY02/03 bloc grants to schools. The biennial appropriation will assure full-payment in FY02 and then maybe only in FY03 will a partial payment be delivered by OPI to schools. This change will significantly help districts write their FY02/03 budgets. And finally in the House as it affects the schools, the House adopted one of the Mangan amendments and provided that school bloc grant monies for FY04/05 be included in the governor's next budget.

The House also set the 3% growth factor for local government/county reimbursements for the first two biennia, then dropping the reimbursement to about 2.4% for years following. House amendments also distributed growth monies to local govt's/counties based on a 50%/50% formula for current reimbursements and future population growth. And finally, the reimbursements provided under HB124 were clearly tied to the growth of state domestic product and state revenues, with a fail-safe provision added to the bill allowing the state to pro-rate reimbursements to local governments/counties if HB124 affected revenues come in below 97% of projected statewide combined levels.

As the bill entered the Senate, MEA-MFT and the educational community reiterated our 3 major objections with HB124.

- It treats schools distinctly "different" than other local government and county entities, even though more than $65m (or 40%) of all HB124 affected monies are historically school revenues.
- HB124's bloc grant, unlike the reimbursements promised to local governments and counties, explicitly did NOT include a growth factor.
- HB124's bloc grant for schools was by terms of the bill, scheduled to terminate and sunset at the end of FY03.

Adoption of the single Mangan House amendment only minimally addressed MEA-MFT's objections to the treatment of schools under HB124.

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Then, in MEA-MFT's and MSBA's view, the Senate Tax Committee "fixed" HB124. In the course of revising more than 100 provisions of the bill and taking care of numerous concerns expressed by local small vehicle users and pilots, making dozens of technical corrections to the bill, the Senate Tax Committee also adopted a modified set of the Mangan amendments. With these amendments, the FY03 sunset on school bloc grants was removed, for the FY04/05 schools would be afforded a 1.5% (rather than local government 3%) growth factor, and for the ensuing biennium (FY06/07) the schools growth factor would match the reimbursement factor provided to local governments (expected to be 2.4 or 2.3%). With these Senate amendments, MEA-MFT and the educational community as a whole committed our full support to HB124.

The Senate's changes in HB124 had little, if any, affect on this year's state HB124 revenues and expenditures and maintained the accelerated accounting receipt of more than $10m into the state FY02/03 biennial budget. Future year reimbursements for the schools only modestly increased state property tax reimbursement obligations by slightly more than $1m per year by mid-decade, rising to about $2m at the end of the decade. These additional costs are widely believed to be "affordable" by the state so long as typically experienced revenue growth patterns are factored into the state's revenue base for the coming decade. And regardless, these state reimbursements are targeted to provide more or less than replacement of lost or re-directed local revenues.

Then, quite unfortunately and expectedly given the Senate's earlier rejection of Senator Elliot's amendment, the Senate – on a 24-24 tie vote -- failed to pass the Senate Tax Committee bill and ended up adopting the Senator Elliot's amendment to: "freeze reimbursements" at current levels, lift local government mill restrictions, and leave current revenue collection practices as is. The "additional cost" of the Elliot amendment is front-loaded. It eliminates the 1st biennium's expected $10m state general fund surplus – a surplus that would have paid growth factor reimbursements into and beyond the 2nd biennium. Later on, the static levels of reimbursements to local governments, counties and schools, falls behind the expected growth-factored reimbursements included in the Senate Tax Committee's version of HB124.

As HB124 goes into free conference committee, it is MEA-MFT's hope and expectation that the committee will be able to re-shape HB124 to something like the bill prepared by the Senate Tax Committee. With that re-shaping accomplished, the bill will again achieve broad support from local governments, counties and from the education community. And with that broad support, the bill will be put into it's best possible position for passage by the Senate – and the bill will present the most equitable, sustainable and rational way for Montana to streamline local revenue collection process while protecting revenue flow to local governments needed for the wide variety of vital local government services and programs.

EXHIBIT 1
DATE 4/17/01
HB 124

Amendments to HB124 (2nd Reading, Amended) -- Recommended by DOR, 4/16

A. Amendments to provide for correct motor vehicle fees:

1. Page 11, line 9; strike *50 cents* and insert *$1*
2. Page 174, line 30; strike *$7* and insert *$5*
3. Page 175, line 2; strike *$1.50* and insert *$2*
4. Page 176, line 11; strike *$23.25* and insert *$23.75*

B. Page 14; lines 5 through 13; strike NEW SECTION, Section 5 in its entirety.

C. Amendments to allow district court implementation date of July 1, 2002.

Originally, the state was to assume district courts effective July 1, 2001. The courts cannot meet this schedule, so the date for state assumption of district courts is being moved back to July 1, 2002. Amendments need to be made to cover the following:

1. The effective date for implementation of SB176 needs to be changed to July 1, 2002. (However, the judicial council section – Section 4 in SB176 – needs to be effective July 1, 2001. Valencia Lane is working on amendments for 176).
2. All sections in HB124 that deal specifically with the state assumption of district courts must have an effective or applicability date that now reflects the July 1, 2002 assumption date. Some examples:
    a) Page 10, lines 23 and 24; following 42-2-105 on page 23, delete "$33,422" through "and" on page 24.
    b) Sections 7, 145 – effective date of 7/1/2002.
    c) Section 8 also should be effective 7/1/02; but line 15 (page 15) and line 14 (page 16) need to be amended after where "under 61-3-509" is stricken out to insert "under 61-3-509(3)". The effective dates and coordination instructions in SB176 should then make SB176 changes to this section of law effective July 1, 2002.
    d) In HB124, we should continue to send the 10% of motor vehicle fees that under current law goes to the state special revenue account for district courts to the state general fund (to keep all motor vehicle fees going to the state general fund). But in Section 3 of HB124 we need to make an appropriation to the state special revenue fund provided for district courts in current law 61-3-509 in an amount equal to $5,742,983 for just fiscal year 2002.
    e) Page 239, lines 15 through 18; subsection (4) needs to be amended to read that the appropriation applies only to fiscal year 2003, and that the appropriation amount is the amount deducted

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for district courts in section 1(2), plus an additional 6% for fiscal year 2003, up to $25 million.

D. **HB124 must be amended to take away any claim to a gaming accrual by local governments for fiscal year 2002.** (We had to do a similar thing for the accrual for financial institutions tax. In that case we made the section in HB124 that applied to the financial institutions tax retroactive to July 1, 2000. We had to do this because the financial institutions tax is paid to local governments only once each year. The gaming revenue is distributed quarterly, so we think we can take care of the gaming accrual issue by making Section 144, which deals with the distribution of gaming revenue, effective retroactive to April 1, 2001.

E. The appropriation to DOT in HB124 must be amended

1. Page 10, line 28. strike *$3,641,987* and insert *$2,873,853.*
2. Page 10, line 29. strike *$3,696,617* and insert *$2,916,961.*
3. Page 10, line 28. strike *$3,752,066* and insert *$2,960,715.*

D. The appropriation to TIF districts in HB124 must be amended

1. Page 7, strike the values on line 20 through line 5 on page 6. Replace with the following values, strike line 21 page 7, strike line 2 page 8, and strike line 3 page 8). Some of the values do not change and have been noted as such.

Cascade Great Falls - downtown *468,966*

~~Cascade Great Falls - Pasta Montana 7,546~~

Deer Lodge TIF District 1 3,148 (no change to this value)

Deer Lodge TIF District 2 3,126 (no change to this value)

Flathead Kalispell - District 1 *758,359*

Flathead Kalispell - District 2 5,153 (no change to this value)

Flathead Kalispell - District 3 41,368 (no change to this value)

Flathead Whitefish District *164,660*

Gallatin Bozeman - downtown 34,620 (no change to this value)

Lewis and Clark Helena - #2 *731,614*

Missoula Missoula - 1-1B & 1-1C *1,100,507*

Missoula	Missoula - 4-1C	*33,343*
~~Missoula~~	~~Airport - 20-3A~~	~~828~~
Silver Bow	Butte - uptown	*283,801*
~~Silver Bow~~	~~Ramsay~~	~~10,580~~
Yellowstone	Billings	*436,815*

E. **Language regarding the block grant to school districts must be changed in a few places.** The block grants are based on fiscal year 2001 and grow at 0.76% each year.

1. Page 239 line 7, strike *$130,228,584* and insert *$114,394,755.*
2. Page 229 lines 13 and 14, strike , *department of fish, wildlife, and parks payments in lieu of taxes,.*
3. Page 229 line 14, after *reimbursements* insert *pursuant to sections 167(1) through (5) and 169(6), chapter 584, laws of 1999* .
4. Page 229 lines 18 and 19, strike *The same block grant amount must be anticipated by and distributed to schools in fiscal year 2003 and in subsequent fiscal years.*
3. Page 230, strike line 12 and 13 in their entirety and insert *0.76% in each succeeding fiscal year.*

F. **Language regarding the block grant to countywide school retirement must be changed.** The phase-down of hb20 and sb417 no longer need to be accounted for in the countywide retirement block grant payments. The block grant is based on fiscal year 2001 with growth of 0.76% each year.

1. Strike all of line 18 page 232 through and including 14 page 234. Insert the following lines:

	FY 2002 Elementary Payment	FY2002 High School Payment	FY2003 Elementary Payment	FY2003 High School Payment
Beaverhead	86,692	50,789	87,351	51,175
Big Horn	62,668	36,963	63,144	37,244
Blaine	61,160	10,193	61,624	10,271
Broadwater	0	92,686	0	93,390
Carbon	43,451	82,110	43,782	82,734
Carter	9,751	5,453	9,825	5,495

Cascade	349,056	192,848	351,709	194,314
Chouteau	75,384	41,034	75,957	41,346
Custer	78,925	36,930	79,525	37,211
Daniels	0	37,994	0	38,283
Dawson	85,568	38,722	86,219	39,016
Deer Lodge	39,980	17,059	40,284	17,189
Fallon	0	0	0	0
Fergus	119,028	78,809	119,932	79,408
Flathead	558,861	296,410	563,108	298,662
Gallatin	383,035	181,743	385,946	183,125
Garfield	12,337	10,170	12,431	10,247
Glacier	79,924	34,016	80,532	34,275
Golden Valley	0	16,716	0	16,843
Granite	14,074	48,026	14,180	48,391
Hill	142,867	82,538	143,953	83,165
Jefferson	116,679	59,523	117,565	59,976
Judith Basin	6,149	21,359	6,196	21,521
Lake	173,584	139,990	174,903	141,054
Lewis & Clark	344,112	211,726	346,728	213,335
Liberty	20,144	16,786	20,297	16,914
Lincoln	73,001	98,835	73,556	99,586
Madison	0	103,163	0	103,947
Mccone	23,214	15,824	23,390	15,945
Meagher	13,654	10,678	13,758	10,759
Mineral	0	32,206	0	32,451
Missoula	487,129	362,756	490,832	365,513
Musselshell	30,675	21,577	30,908	21,741
Park	154,192	81,696	155,364	82,317
Petroleum	0	16,897	0	17,026
Phillips	10,502	95,084	10,582	95,806
Pondera	79,805	60,307	80,411	60,765
Powder River	18,815	15,011	18,958	15,125
Powell	69,695	22,666	70,225	22,838
Prairie	0	26,791	0	26,995
Ravalli	85,333	169,769	85,981	171,059
Richland	83,671	30,302	84,307	30,533
Roosevelt	71,090	60,329	71,630	60,787
Rosebud	359,662	286,411	362,395	288,588
Sanders	203,863	127,694	205,413	128,665
Sheridan	0	46,231	0	46,583
Silver Bow	249,821	141,541	251,719	142,617
Stillwater	91,487	75,926	92,182	76,503
Sweet Grass	36,996	36,327	37,277	36,603
Teton	57,760	41,547	58,199	41,863
Toole	43,323	51,399	43,652	51,790

Treasure	0	18,947	0	19,091
Valley	15,824	90,532	15,944	91,220
Wheatland	20,946	12,103	21,105	12,195
Wibaux	0	14,585	0	14,696
Yellowstone	1,125,488	643,136	1,134,042	648,024
Total	6,269,374	4,650,865	6,317,022	4,686,212

2. Page 234, strike line 16 and 17 in their entirety and insert *0.76% in each succeeding fiscal year.*
3. We need to change the appropriation for countywide retirement in section 249. On line 10 page 239 strike *$10,453,308* and insert *$10,920,239.* On the same line strike *$7,851,527* and insert *$11,003,234.*

G. **Language regarding the block grant to countywide school transportation must be changed.** The phase-down of hb20 and sb417 will no longer impact the countywide transportation block grant payments. The block grant is based on fiscal year 2001 with growth of 0.76% each year.

1. Strike all of line 26 page 235 through and including 22 page 237. Insert the following lines:

	FY 2002 Payment	FY2003 Payment
Beaverhead	29,924	30,151
Big Horn	43,635	43,966
Blaine	3,727	3,756
Broadwater	14,935	15,048
Carbon	23,493	23,671
Carter	8,675	8,741
Cascade	84,382	85,024
Chouteau	33,063	33,314
Custer	7,069	7,123
Daniels	16,771	16,899
Dawson	21,356	21,518
Deer Lodge	14,392	14,502
Fallon	20,447	20,603
Fergus	58,765	59,211
Flathead	89,846	90,529
Gallatin	81,262	81,879
Garfield	17,284	17,415
Glacier	37,740	38,027
Golden Valley	3,547	3,574
Granite	8,153	8,215

Hill	46,409	46,762
Jefferson	36,329	36,605
Judith Basin	16,878	17,007
Lake	69,756	70,286
Lewis & Clark	58,287	58,730
Liberty	15,874	15,995
Lincoln	50,388	50,771
Madison	21,263	21,424
Mccone	12,498	12,593
Meagher	4,237	4,269
Mineral	7,478	7,534
Missoula	93,969	94,683
Musselshell	12,945	13,043
Park	31,904	32,147
Petroleum	9,854	9,929
Phillips	31,080	31,316
Pondera	22,599	22,771
Powder River	21,304	21,465
Powell	16,622	16,748
Prairie	8,544	8,609
Ravalli	60,579	61,040
Richland	32,995	33,246
Roosevelt	25,740	25,935
Rosebud	97,820	98,564
Sanders	71,581	72,125
Sheridan	12,946	13,045
Silver Bow	21,872	22,038
Stillwater	27,358	27,566
Sweet Grass	14,996	15,110
Teton	28,202	28,416
Toole	17,208	17,339
Treasure	5,446	5,487
Valley	26,677	26,880
Wheatland	9,142	9,212
Wibaux	6,198	6,246
Yellowstone	149,314	150,448
Total	1,814,759	1,828,551

2. Page 237, strike line 24 and 25 in their entirety and insert *0.76% in each succeeding fiscal year.*
3. We need to change the appropriation for countywide transportation in section 249. On line 13 page 239 strike *$2,263,149* and insert *$1,814,759*. On the same line strike *$2,239,212* and insert *$1,828,551*.

H. **There are two sections amending 15-10-420. The two can be combined to satisfy the intent of both.** The first on page 80 can be amended to include the intent of the second.

1. Subsection 3 of the first can be replaced with subsection 3 of the second with slight modification. The language in subsection 4 regarding TIFs in the first can be amended into the second. Replace subsection 3 of the first (line 24 page 80 through line 2 page 81) with subsection 3 of the second (line 13 page 244 through line 27 page 244). In the now new subsection 3 replace the language in (3)(a)(vi) with the language of the of subsection 4 of the first from line 4 page 81 through line7 page 81.
2. Subsection 4 of the first can be replaced with subsection 4 of the second.
3. The stricken subsection 6 of the first should be unstricken except for the second sentence.

H:\DATA\WP\Amendments to HB124 3rd reading3.lef.doc

EXHIBIT 2
DATE 4/17/01
HB 124

Amendments to House Bill No. 124
Reference Copy as Amended

For the House Conference Committee

Prepared by Lee Heiman
April 17, 2001 (7:33AM)

Section 1 proposed amendments by DOR, and delete repeal of current reimbursement sections.

1. Title, page 2, lines 28 and 29.
Strike: "15-1-111, 15-1-112,"

2. Page 9, line 9.
Insert: "The department shall estimate the total amount of revenue that each ~~local government's base component for the fiscal year ending June 30, 2001, in an amount equal to the revenue that the~~ local government received from the following sources ~~prior to the passage of [this act]~~ for the fiscal year ending June 30, 2001:

(a) personal property tax reimbursements pursuant to~~:~~

~~(i)~~ sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

~~(ii) 15-1-111, and~~

~~(iii) 15-1-112,~~

(b) vehicle and boat taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;

(ii) Title 23, chapter 2, part 6;

(iii) Title 23, chapter 2, part 8;

(iv) 61-3-321;

(v) Title 61, chapter 3, part 5, except for 61-3-537; and

(vi) Title 61, chapter 3, part 7;

(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

(d) district court fees pursuant to:

(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

(ii) 25-1-202;

(iii) 25-1-1103;

(iv) 25-9-506;

(v) 25-9-804; and

(vi) 27-9-103;

(e) certificate of ownership fees for manufactured homes pursuant to 15-1-116;

(f) financial institution taxes pursuant to Title 15, chapter 31, part 7;

(g) coal severance taxes allocated for county land planning pursuant to 15-35-108;

(h) all beer, liquor, and wine taxes pursuant to:

(i) 16-1-404;

(ii) 16-1-406; and

(iii) 16-1-411;

(i) late filing fees pursuant to 61-3-201;

(j) title and registration fees pursuant to 61-3-203;

(k) disabled veterans flat license plate fees and purple heart license plate fees pursuant to 61-3-332;

(l) county personalized license plate fees pursuant to 61-3-406;

(m) special mobile equipment fees pursuant to 61-3-431;

(n) single movement permit fees pursuant to 61-4-310;

(o) state aeronautics fees pursuant to 67-3-101; and

(p) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(2)(a) ~~The~~ From the amounts estimated in subsection (1) for each county government, the department shall deduct ~~from the county government the amount calculated pursuant to subsection (1) the~~ fiscal year 2001 county government expenditures ~~for increased costs for the state assumption of~~ district ~~court~~ courts expenses ~~provided for in 3-5-901 and the increased state costs for the assumption of public assistance~~ and fiscal year 2001 county government expenditures for public welfare programs to be assumed by the state in fiscal year 2002.

(2)(b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year component. The sum of all local governments' base year components is the base year entitlement share pool.

(3) (a) ~~By October 1 preceding a regularly scheduled legislative session,~~ Beginning with fiscal year 2002, and in each succeeding fiscal year, the base year entitlement share pool shall be increased annually by a growth rate as provided for in this subsection (3). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year. For fiscal years 2002 and 2003 the growth rate is 3%. Beginning with calendar year 2004, by October 1 of each even-numbered year the department shall calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:

(i) The department shall calculate the average annual growth rate of Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

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(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(ii)(A).

(b) (i) For fiscal years ~~2002 through~~ 2004 and 2005, the entitlement share pool growth rate for the first year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B).

(ii) The entitlement share pool growth rate for the second year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(c) (i) for fiscal year 2006 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B). ~~For fiscal years 2006 and 2007, the department shall include any excess revenue received from the sources listed in subsection (1) in calculating the growth in the entitlement share pool. For purposes of this subsection (3), "excess revenue" means an amount by which collections exceed entitlement share payments plus the growth factor provided for in this subsection (3).~~

(ii) The entitlement share pool growth rate for the second year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(4) As used in this section, "local government" means a county, a consolidated local government, an incorporated city, and an incorporated town. A local government does not include a tax increment financing district provided for in subsection (6). For purposes of calculating the ~~entitlement share~~ base year component for a county or consolidated local government, the department shall include the revenues listed in subsection (1) for all special districts within the county or consolidated local government. The county or consolidated local government is responsible for ~~allocating entitlement~~ making an allocation from the county's or consolidated local government's share of the entitlement share pool ~~proceeds~~ to ~~the~~ each special ~~districts~~ district within the county or consolidated local government in a manner that reasonably reflects each special district's loss of the revenue sources listed in subsection (1).

(5) (a) The ~~local government entitlements~~ entitlement share pools calculated in this section and the block grants provided for in subsection (6) are statutorily appropriated, as provided

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in 17-7-502, from the general fund to the department for distribution to local governments. Each local government is entitled to a pro rata share of each year's entitlement share pool based on the local government's base component in relation to the base year entitlement share pool. The distributions must be made on a quarterly basis beginning September 15, 2001.

(b) (i) ~~The amount of money representing the~~ For fiscal year 2002, the growth amount is the difference between the fiscal year 2002 entitlement share pool and the base year entitlement share pool. For fiscal year 2003, and each succeeding fiscal year, the growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties and consolidated local governments; and

(B) incorporated cities and towns.

(ii) ~~The amount of money representing the growth factor in the entitlement share~~ In each fiscal year, the growth amount for for counties and consolidated local governments ~~is~~ must be allocated as follows:

(A) 50% of the growth ~~factor~~ amount must be allocated ~~to counties and consolidated local governments~~ based upon each county's or consolidated local government's percentage of the ~~entire~~ base year entitlement share pool ~~in the base year~~ for all counties and consolidated local governments; and

(B) 50% of the growth ~~factor~~ amount must be allocated ~~to each county or consolidated local government~~ based upon the percentage that each county's or consolidated local government's population bears to the state population as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) ~~The amount of money representing~~ In each fiscal year, the growth ~~factor~~ amount ~~in the entitlement share~~ for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth ~~factor~~ amount must be allocated ~~to incorporated cities and towns~~ based upon each incorporated city's or town's percentage of the ~~entire~~ base year entitlement share pool ~~in the base year~~ for all incorporated cities and towns; and

(B) 50% of the growth ~~factor~~ amount must be allocated ~~to each incorporated city or town~~ based upon the percentage that each city's or town's population bears to the ~~percentage of the~~ state's total population residing within incorporated cities and towns as determined by the latest ~~official decennial census or the latest~~ interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iv) In each fiscal year, the amount of the entitlement

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share pool not represented by the growth amount is distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(v) For fiscal year 2002, an amount equal to the district court costs identified in subsection (2) must be added to each county government's distribution from the entitlement share pool.

(6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any block grant. ~~or if the~~ If a tax increment financing district referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

(b) One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (6)(a), the entitlement share for tax increment financing districts is as follows:

Cascade	Great Falls - downtown	$500,033
Cascade	Great Falls - Pasta Montana	7,546
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	914,815
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	244,346
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - #2	781,870
Missoula	Missoula - 1-1B & 1-1C	1,238,878
Missoula	Missoula - 4-1C	38,566
Missoula	Airport - 20-3A	828
Silver Bow	Butte - uptown	340,197
Silver Bow	Ramsay	10,580
Yellowstone	Billings	610,977

(c) The entitlement share for industrial tax increment financing districts is as follows:

(i) for fiscal years 2002 and 2003:

Missoula	County Airport Industrial	$4,812
Silver Bow	Ramsay Industrial	597,594;

(ii) for fiscal years 2004 and 2005:

Missoula	County Airport Industrial	$2,406
Silver Bow	Ramsay Industrial	298,797; and

(iii) $0 for all succeeding fiscal years.

(d) The entitlement share for industrial tax increment financing districts referred to in subsection (6)(c) may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the tax increment financing industrial district.

(e) One-half of the payments provided for in subsection (6)(c) must be made by July 30, and the other half must be made in December of each year.

(7) The estimated ~~entitlement share~~ base year entitlement share pool and any subsequent entitlement share pool for local governments does not include revenue received from countywide transportation block grants or from countywide retirement block grants.

(8) The estimates for the ~~entitlement share~~ base year entitlement share pool in subsection (1) must be calculated as if the fees in Chapter 515, Laws of 1999, were in effect for all of fiscal year 2001.

(9) (a) If revenue that is included in the ~~entitlement share under~~ sources listed in subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss from the entitlement share pool beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (9)(a), a significant reduction is a loss that causes the amount of revenue received in the current year to be less than 95% of the amount of revenue received in the base year.

(10) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated pursuant to subsections (1) through (3).

~~(11) The department shall adopt rules implementing this section. The rules must provide for a procedure for a local government to appeal the department's determination of the amount of base component, the entitlement share pool growth rate, and a local government's allocation of the entitlement share. The rules must provide for appeals to the state tax appeal board pursuant to 15-2-302(1)(d). The judicial review provisions of 15-2-303 apply to the state tax appeal board's decision.~~

(11) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. Where there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(12) A local government may appeal the department's estimation of the base year component, the entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according to the uniform review procedure in 15-1-211."

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3. Page 240, line 14.
Strike: "15-1-111, 15-1-112,"

- END -

EXHIBIT 1
DATE 4/17/01
HB 124

Amendments to House Bill No. 124
Reference Copy as Amended

For the House Conference Committee

Prepared by Lee Heiman
April 17, 2001 (7:33AM)

Section 1 proposed amendments by DOR, and delete repeal of current reimbursement sections.

1. Title, page 2, lines 28 and 29.
Strike: "15-1-111, 15-1-112,"

2. Page 9, line 9.
Insert: "The department shall estimate the total amount of revenue that each ~~local government's base component for the fiscal year ending June 30, 2001, in an amount equal to the revenue that the~~ local government received from the following sources ~~prior to the passage of [this act]~~ for the fiscal year ending June 30, 2001:

(a) personal property tax reimbursements pursuant to:

~~(i)~~ sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

~~(ii) 15-1-111, and~~

~~(iii) 15-1-112,~~

(b) vehicle and boat taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;

(ii) Title 23, chapter 2, part 6;

(iii) Title 23, chapter 2, part 8;

(iv) 61-3-321;

(v) Title 61, chapter 3, part 5, except for 61-3-537; and

(vi) Title 61, chapter 3, part 7;

(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

(d) district court fees pursuant to:

(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

(ii) 25-1-202;

(iii) 25-1-1103;

(iv) 25-9-506;

(v) 25-9-804; and

(vi) 27-9-103;

(e) certificate of ownership fees for manufactured homes pursuant to 15-1-116;

(f) financial institution taxes pursuant to Title 15, chapter 31, part 7;

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(g) coal severance taxes allocated for county land planning pursuant to 15-35-108;

(h) all beer, liquor, and wine taxes pursuant to:

(i) 16-1-404;

(ii) 16-1-406; and

(iii) 16-1-411;

(i) late filing fees pursuant to 61-3-201;

(j) title and registration fees pursuant to 61-3-203;

(k) disabled veterans flat license plate fees and purple heart license plate fees pursuant to 61-3-332;

(l) county personalized license plate fees pursuant to 61-3-406;

(m) special mobile equipment fees pursuant to 61-3-431;

(n) single movement permit fees pursuant to 61-4-310;

(o) state aeronautics fees pursuant to 67-3-101; and

(p) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(2)(a) ~~The~~ From the amounts estimated in subsection (1) for each county government, the department shall deduct ~~from the county government the amount calculated pursuant to subsection (1) the~~ fiscal year 2001 county government expenditures ~~for increased costs for the state assumption of~~ district ~~court~~ courts expenses ~~provided for in 3-5-901 and the increased state costs for the assumption of public assistance~~ and fiscal year 2001 county government expenditures for public welfare programs to be assumed by the state in fiscal year 2002.

(2)(b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year component. The sum of all local governments' base year components is the base year entitlement share pool.

(3) (a) ~~By October 1 preceding a regularly scheduled legislative session,~~ Beginning with fiscal year 2002, and in each succeeding fiscal year, the base year entitlement share pool shall be increased annually by a growth rate as provided for in this subsection (3). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year. For fiscal years 2002 and 2003 the growth rate is 3%. Beginning with calendar year 2004, by October 1 of each even-numbered year the department shall calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:

(i) The department shall calculate the average annual growth rate of Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(ii)(A).

(b) (i) For fiscal years ~~2002 through~~ 2004 and 2005, the entitlement share pool growth rate for the first year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B).

(ii) The entitlement share pool growth rate for the second year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(c) (i) for fiscal year 2006 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B). ~~For fiscal years 2006 and 2007, the department shall include any excess revenue received from the sources listed in subsection (1) in calculating the growth in the entitlement share pool. For purposes of this subsection (3), "excess revenue" means an amount by which collections exceed entitlement share payments plus the growth factor provided for in this subsection (3).~~

(ii) The entitlement share pool growth rate for the second year of the biennium must be 54% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(4) As used in this section, "local government" means a county, a consolidated local government, an incorporated city, and an incorporated town. A local government does not include a tax increment financing district provided for in subsection (6). For purposes of calculating the ~~entitlement share~~ base year component for a county or consolidated local government, the department shall include the revenues listed in subsection (1) for all special districts within the county or consolidated local government. The county or consolidated local government is responsible for ~~allocating entitlement~~ making an allocation from the county's or consolidated local government's share of the entitlement share pool ~~proceeds~~ to ~~the~~ each special ~~districts~~ district within the county or consolidated local government in a manner that reasonably reflects each special district's loss of the revenue sources listed in subsection (1).

(5) (a) The ~~local government entitlements~~ entitlement share pools calculated in this section and the block grants provided for in subsection (6) are statutorily appropriated, as provided

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in 17-7-502, from the general fund to the department for distribution to local governments. Each local government is entitled to a pro rata share of each year's entitlement share pool based on the local government's base component in relation to the base year entitlement share pool. The distributions must be made on a quarterly basis beginning September 15, 2001.

(b) (i) ~~The amount of money representing the~~ For fiscal year 2002, the growth amount is the difference between the fiscal year 2002 entitlement share pool and the base year entitlement share pool. For fiscal year 2003, and each succeeding fiscal year, the growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties and consolidated local governments; and

(B) incorporated cities and towns.

(ii) ~~The amount of money representing the growth factor in the entitlement share~~ In each fiscal year, the growth amount for for counties and consolidated local governments ~~is~~ must be allocated as follows:

(A) 50% of the growth ~~factor~~ amount must be allocated ~~to counties and consolidated local governments~~ based upon each county's or consolidated local government's percentage of the ~~entire~~ base year entitlement share pool ~~in the base year~~ for all counties and consolidated local governments; and

(B) 50% of the growth ~~factor~~ amount must be allocated ~~to each county or consolidated local government~~ based upon the percentage that each county's or consolidated local government's population bears to the state population as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) ~~The amount of money representing~~ In each fiscal year, the growth ~~factor~~ amount ~~in the entitlement share~~ for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth ~~factor~~ amount must be allocated ~~to incorporated cities and towns~~ based upon each incorporated city's or town's percentage of the ~~entire~~ base year entitlement share pool ~~in the base year~~ for all incorporated cities and towns; and

(B) 50% of the growth ~~factor~~ amount must be allocated ~~to each incorporated city or town~~ based upon the percentage that each city's or town's population bears to the ~~percentage of the~~ state's total population residing within incorporated cities and towns as determined by the latest ~~official decennial census or the latest~~ interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iv) In each fiscal year, the amount of the entitlement

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share pool not represented by the growth amount is distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(v) For fiscal year 2002, an amount equal to the district court costs identified in subsection (2) must be added to each county government's distribution from the entitlement share pool.

(6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any block grant. ~~or if the~~ If a tax increment financing district referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

(b) One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (6)(a), the entitlement share for tax increment financing districts is as follows:

Cascade	Great Falls - downtown	$500,033
Cascade	Great Falls - Pasta Montana	7,546
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	914,815
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	244,346
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - #2	781,870
Missoula	Missoula - 1-1B & 1-1C	1,238,878
Missoula	Missoula - 4-1C	38,566
Missoula	Airport - 20-3A	828
Silver Bow	Butte - uptown	340,197
Silver Bow	Ramsay	10,580
Yellowstone	Billings	610,977

(c) The entitlement share for industrial tax increment financing districts is as follows:

(i) for fiscal years 2002 and 2003:

Missoula	County Airport Industrial	$4,812
Silver Bow	Ramsay Industrial	597,594;

(ii) for fiscal years 2004 and 2005:

Missoula	County Airport Industrial	$2,406
Silver Bow	Ramsay Industrial	298,797; and

(iii) $0 for all succeeding fiscal years.

(d) The entitlement share for industrial tax increment financing districts referred to in subsection (6)(c) may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the tax increment financing industrial district.

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(e) One-half of the payments provided for in subsection (6)(c) must be made by July 30, and the other half must be made in December of each year.

(7) The estimated ~~entitlement share~~ base year entitlement share pool and any subsequent entitlement share pool for local governments does not include revenue received from countywide transportation block grants or from countywide retirement block grants.

(8) The estimates for the ~~entitlement share~~ base year entitlement share pool in subsection (1) must be calculated as if the fees in Chapter 515, Laws of 1999, were in effect for all of fiscal year 2001.

(9) (a) If revenue that is included in the ~~entitlement share under~~ sources listed in subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss from the entitlement share pool beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (9)(a), a significant reduction is a loss that causes the amount of revenue received in the current year to be less than 95% of the amount of revenue received in the base year.

(10) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated pursuant to subsections (1) through (3).

~~(11) The department shall adopt rules implementing this section. The rules must provide for a procedure for a local government to appeal the department's determination of the amount of base component, the entitlement share pool growth rate, and a local government's allocation of the entitlement share. The rules must provide for appeals to the state tax appeal board pursuant to 15-2-302(1)(d). The judicial review provisions of 15-2-303 apply to the state tax appeal board's decision.~~

(11) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. Where there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(12) A local government may appeal the department's estimation of the base year component, the entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according to the uniform review procedure in 15-1-211."

3. Page 240, line 14.
Strike: "15-1-111, 15-1-112,"

- END -

EXHIBIT 2
DATE 4/17/01
HB 124

Amendments to House Bill No. 124
2nd Reading 2nd House as Amended (Tan)

Requested by Senator Emily Stonington

For the House Conference Committee

Prepared by Lee Heiman
April 17, 2001 (4:47PM)

1. Page 239, line 24.
Following: "FUNDS."
Insert: "(1)"

2. Page 239, line 28.
Insert: "(2) The following amounts must be reserved from the state general fund for local government entitlement share payments as provided in [section 1]:
(a) $11.8 million for fiscal year 2002;
(b) $9.8 million for fiscal year 2003;
(c) $6.8 million for fiscal year 2004; and
(c) $2.7 million for fiscal year 2005."

- END -

EXHIBIT 3
DATE 4/17/01
HB 124

HB 124
Section 1 with 3% and district court language
15-10-420 as combined.

NEW SECTION **Section 1. Entitlement share payment -- appropriation.** The department shall estimate the total amount of revenue that each local government received from the following sources for the fiscal year ending June 30, 2001:

(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

(b) vehicle and boat taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;

(ii) Title 23, chapter 2, part 6;

(iii) Title 23, chapter 2, part 8;

(iv) 61-3-321;

(v) Title 61, chapter 3, part 5, except for 61-3-537 and 61-3-509(3); and

(vi) Title 61, chapter 3, part 7;

(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

(d) district court fees pursuant to:

(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

(ii) 25-1-202;

(iii) 25-1-1103;

(iv) 25-9-506;

(v) 25-9-804; and

(vi) 27-9-103;

(e) certificate of ownership fees for manufactured homes pursuant to 15-1-116;

(f) financial institution taxes pursuant to Title 15, chapter 31, part 7;

(g) coal severance taxes allocated for county land planning pursuant to 15-35-108;

(h) all beer, liquor, and wine taxes pursuant to:

(i) 16-1-404;

(ii) 16-1-406; and

(iii) 16-1-411;

(i) late filing fees pursuant to 61-3-201;

(j) title and registration fees pursuant to 61-3-203;

(k) disabled veterans flat license plate fees and purple heart license plate fees pursuant to 61-3-332;

(l) county personalized license plate fees pursuant to

61-3-406;

(m) special mobile equipment fees pursuant to 61-3-431;

(n) single movement permit fees pursuant to 61-4-310;

(o) state aeronautics fees pursuant to 67-3-101; and

(p) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(2) (a) From the amounts estimated in subsection (1) for each county government, the department shall deduct fiscal year 2001 county government expenditures for district courts, less reimbursements for district court expenses, and fiscal year 2001 county government expenditures for public welfare programs to be assumed by the state in fiscal year 2002.

(b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year component. The sum of all local governments' base year components is the base year entitlement share pool.

(3) (a) Beginning with fiscal year 2002, and in each succeeding fiscal year, the base year entitlement share pool shall be increased annually by a growth rate as provided for in this subsection (3). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year. For fiscal years 2002 and 2003 the growth rate is 3%. Beginning with calendar year 2004, by October 1 of each even-numbered year the department shall calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:

(i) The department shall calculate the average annual growth rate of Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period in subsection (3)(a)(ii)(A).

(b) (i) For fiscal year 2004 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the

biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B).

(ii) The entitlement share pool growth rate for the second year of the biennium must be 70% of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A).

(4) As used in this section, "local government" means a county, a consolidated local government, an incorporated city, and an incorporated town. A local government does not include a tax increment financing district provided for in subsection (6). For purposes of calculating the base year component for a county or consolidated local government, the department shall include the revenues listed in subsection (1) for all special districts within the county or consolidated local government. The county or consolidated local government is responsible for making an allocation from the county's or consolidated local government's share of the entitlement share pool to each special district within the county or consolidated local government in a manner that reasonably reflects each special district's loss of the revenue sources listed in subsection (1).

(5) (a) The entitlement share pools calculated in this section and the block grants provided for in subsection (6) are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for distribution to local governments. Each local government is entitled to a pro rata share of each year's entitlement share pool based on the local government's base component in relation to the base year entitlement share pool. The distributions must be made on a quarterly basis beginning September 15, 2001.

(b) (i) For fiscal year 2002, the growth amount is the difference between the fiscal year 2002 entitlement share pool and the base year entitlement share pool. For fiscal year 2003, and each succeeding fiscal year, the growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties and consolidated local governments; and

(B) incorporated cities and towns.

(ii) In each fiscal year, the growth amount for counties and consolidated local governments must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each county's or consolidated local government's percentage of the base year entitlement share pool for all counties and consolidated local governments; and

(B) 50% of the growth amount must be allocated based upon

the percentage that each county's or consolidated local government's population bears to the state population as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each incorporated city's or town's percentage of the base year entitlement share pool for all incorporated cities and towns; and

(B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's population bears to the state's total population residing within incorporated cities and towns as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iv) In each fiscal year, the amount of the entitlement share pool not represented by the growth amount is distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(v) For fiscal year 2002, an amount equal to the district court costs identified in subsection (2) must be added to each county government's distribution from the entitlement share pool.

(6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any block grant.~ If a tax increment financing district referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

(b) One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (6)(a), the entitlement share for tax increment financing districts is as follows:

Cascade	Great Falls - downtown	$500,033
Cascade	Great Falls - Pasta Montana	7,546
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	914,815
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	244,346
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - #2	781,870
Missoula	Missoula - 1-1B & 1-1C	1,238,878

Missoula	Missoula - 4-1C	38,566
Missoula	Airport - 20-3A	828
Silver Bow	Butte - uptown	340,197
Silver Bow	Ramsay	10,580
Yellowstone	Billings	610,977

(c) The entitlement share for industrial tax increment financing districts is as follows:

(i) for fiscal years 2002 and 2003:

Missoula	County Airport Industrial	$4,812
Silver Bow	Ramsay Industrial	597,594;

(ii) for fiscal years 2004 and 2005:

Missoula	County Airport Industrial	$2,406
Silver Bow	Ramsay Industrial	298,797; and

(iii) $0 for all succeeding fiscal years.

(d) The entitlement share for industrial tax increment financing districts referred to in subsection (6)(c) may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the tax increment financing industrial district.

(e) One-half of the payments provided for in subsection (6)(c) must be made by July 30, and the other half must be made in December of each year.

(7) The estimated base year entitlement share pool and any subsequent entitlement share pool for local governments does not include revenue received from countywide transportation block grants or from countywide retirement block grants.

(8) The estimates for the base year entitlement share pool in subsection (1) must be calculated as if the fees in Chapter 515, Laws of 1999, were in effect for all of fiscal year 2001.

(9) (a) If revenue that is included in the sources listed in subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss from the entitlement share pool beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (9)(a), a significant reduction is a loss that causes the amount of revenue received in the current year to be less than 95% of the amount of revenue received in the base year.

(10) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated pursuant to subsections (1) through (3).

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(11) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. Where there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(12) A local government may appeal the department's estimation of the base year component, the entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according to the uniform review procedure in 15-1-211.

Changes from HB 124 appear in italics

Section 2. Section 15-10-420, MCA, is amended to read:

"**15-10-420. Procedure for calculating levy.** (1) (a) ~~A~~ Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year~~, even if that levy is greater than the levy established by law~~ plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any additional levies authorized by the voters as provided in [section 2] to all property in the governmental unit, including newly taxable property.

(3) For purposes of this section, newly taxable property includes:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

~~(e) reclassification of property;~~ - to reflect renumbering.

~~(f)~~(e) transfer of property from tax-exempt to taxable status~~; and~~

~~(g) revaluations caused by expansion, addition, replacement, or remodeling of improvements~~.

(4) (a) for the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a tax increment financing district because of:

(i) a change in the boundary of a tax increment financing district;

(ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

(iii) the termination of a tax increment financing district.

(b) For the purpose of subsection (3)(d), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property or *as nonagricultural land as described in 15-6-133(1)(c).*

(c) For the purposes of this section, newly taxable property does not include an increase in appraised value of land that was previously valued at 75% of the value of improvements on the land as provided in 15-7-111(4) and (5), as those subsections applied on December 31, 2001.

~~(4)~~(5) Subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5) or 20-6-413.

~~(5)~~(6) For purposes of subsection (1), taxes imposed~~:~~

~~(a) include registration fees imposed on light vehicles under 61-3-561 and distributed under 61-3-509(2); and~~

~~(b)~~ do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in the amount of statutory reimbursements for changes in the property tax laws. ~~The amount of motor vehicle disposition under 61-3-509(2), as that section read on December 31, 2000, is an increased statutory reimbursement.~~ *It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of*

mills to fully account for any increase in reimbursements.

(7) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439~~, and 53-2-813~~. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in whole mills. If the mill levy calculation does not result in a whole number of mills, then the calculation must be rounded up to the nearest whole mill.

(8) (a) The provisions of subsection (1) do not prevent or restrict:

(i) a judgment levy under 2-9-316, 7-6-4209, or 7-7-2202;

(ii) a levy to repay taxes paid under protest as provided in 15-1-402; or

(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326.

(b) A levy authorized under subsection (8)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

~~(8)~~(9) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

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House of Representatives

Roll Call Vote Fails 2-4

House Bill 124

DATE: 4/17/01

MOTION: Amendment 12466

Name:	AYE	NO
Sen. Stonington	✓	
Sen. Keenan		✓
Rep. Story		✓
Rep. Esp		✓
Rep. Mangan	✓	
Chairman Johnson		✓

House of Representatives

Roll Call Vote

House Bill 124

Fails 2-4

DATE: 4/17/01

MOTION: Rep. Mangano

Name:	AYE	NO
Sen. Stonington	✓	
Sen. Keenan		✓
Rep. Story		✓
Rep. Esp		✓
Rep. Mangan	✓	
Chairman Johnson		✓

FISCAL NOTE

Bill #: HB 124 **Title:** Revise local government funding

Primary Sponsor: Bob Story **Status:** As Amended by Free Conference Committee

Sponsor signature Date Chuck Swysgood, Budget Director 4/19/01 Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
General Fund (01)	$119,337,442	$130,201,363
State Special Revenue (02)	(15,361,703)	(21,568,918)
Transfers:		
General Fund (01)	(11,670,741)	(6,004,288)
State Special Revenue (02)	11,670,741	6,004,288
Revenue:		
General Fund	$143,640,181	$134,769,562
State Special Revenue	($27,209,131)	($27,826,686)
Net Impact on General Fund Balance:	**$12,631,998**	**($1,436,089)**

Yes	No		Yes	No	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

This fiscal note includes the impacts of HB 124 and SB 176, the state assumption of district courts.

ASSUMPTIONS:

1. Motor vehicle tax law effective January 2001 is used in this analysis.

State Expenditure Impact

2. The state will be responsible for fully funding welfare programs. The state currently funds the welfare programs of 13 counties. The 9-mills levied by the state in these 13 counties would be eliminated. The state would assume financial responsibility for welfare in the remaining 43 counties.

HB 124 #3

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3. The state will assume responsibility for funding district courts, except for clerks of court in FY 2003. HB 124 appropriates state general fund to the Supreme Court the amount deducted from the county entitlement share payment (actual FY 2001) in section 1 (2) plus 3% inflation per year. The amount appropriated is up to $25 million in FY 2003 to be used for implementing SB176.
4. Under HB124, a variety of revenue sources that currently flow to local governments and state agencies would flow to the state general fund. To replace this revenue for local governments, the state would provide counties, cities and towns with an "entitlement share payment". The payment for fiscal 2002 reflects the net change in funding requirements for local governments taking into account 1) their loss of revenue from shifting revenues to the state general fund, and 2) their reduction in costs due to funding district courts and welfare programs by the state. In following years the entitlement share will change as the state economy changes. Entitlement share payments will be based on fiscal year 2001. It is estimated that the statewide entitlement share payment for all years will grow as follows:

Local government unit	Percentage growth
Cities and towns	3.00%
Consolidated Government	2.65%
Counties	2.30%

5. Under current law, local government taxing jurisdictions, including tax increment financing districts (TIFs), annually receive a reimbursement payment from the state for past property tax and other tax reductions stemming from SB184 (1999).
6. Under this bill, each TIF will receive a block grant payment from the state based on the revenue received by each district from SB184 reimbursement programs in fiscal year 2001. When a TIF dissolves, the state discontinues the block grant to the TIF. Included in the block grant payments for tax increment finance districts is $600,000 in fiscal year 2002 and again in fiscal year 2003 for industrial tax increment finance districts.
7. HB 124 provides for school block grants for FY2002 and FY2003. The amount of the block grant for each school district is equal to the revenue that the school received in FY2001 from corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, department of fish, wildlife, and parks payments in lieu of taxes, and property tax reimbursements in SB 184. The block grant also includes 93.4% of the vehicle taxes and fees received by the district in FY2001. HB124 allows for an increase in the school block grant of 0.76% per year.
8. The state will make block grant payments to counties for countywide elementary and high school retirement and transportation mills. HB124 allows for an increase in the school block grant of 0.76% per year.

State Government Impacts

9. Administrative costs associated with the state assumption of district courts are estimated to be $800,500 in the 2003 biennium. Although the state will not assume the district courts until FY 2003, the administration and the council will begin in FY 2002 to begin getting ready for state assumption of district courts. These administrative costs are included in the fiscal note for SB176, but are also shown here to illustrate the impact of both proposals.
10. The Department of Administration will have administrative costs associated with implementing revisions in local government accounting laws (SB138) of $28,446 in fiscal year 2003.
11. The proposal continues the personal property tax reimbursement programs that currently exist under HB20 and SB417.
12. Revenue from light vehicles currently going to the special revenue account for district courts would be shifted to the state general fund beginning in FY 2002. A transfer of $5.7 million will be made from the general fund to the court special revenue account in FY 2002 to keep the account whole until assumption of district courts is complete.

13. All other revenue from motor vehicles, other than local option taxes and gross vehicle weight (GVW) fees, would be sent to the state. The Proportionally Registered Fleets (IRP) fees are deposited in the Department of Transportation Highway account and the remainder is deposited in the state general fund.
14. All gaming revenue would be deposited in the general fund. Associated with the revenue flow change of gaming revenue is a one-time revenue increase from accruing this revenue to the state general fund.
15. Under the proposal, most district court fees would be deposited in the state general fund.
16. Under current law, 80% of collections from financial institutions under the corporation license tax is returned to local governments where the financial institution is located. Under this bill, the state would retain all revenue from corporation license taxes levied on financial institutions. Associated with this revenue flow change of corporation license taxes levied on financial institutions is a one-time revenue increase from accruing this revenue to the state general fund.
17. All alcohol-related revenues would be retained in full by the state, and the portion currently allocated to local governments is deposited in the state general fund.
18. There are other funding changes that result in a gain in revenue or reduction in expense for the state. These changes are categorized as all other impacts. A listing of the changes is found in appendix A.

Department of Environmental Quality

19. SB168 is law.

Office of Public Instruction

20. The OPI will need $25,000 for programming costs to perform the calculations for the school and county block grant programs and .25 FTE and $12,500 annually for additional fiscal staff to manage payments to school districts and counties.

Department of Natural Resources and Conservation

21. DNRC will no longer make payments to local governments in lieu of tax, which is an annual savings of $560,578. Previously this has been shown in the "all other impacts" section as a revenue. This payment will be included in the entitlement share payment.

Impact of Funding Shifts on State Agencies:

22. Under this bill, some revenues from fees paid on vehicles which are currently earmarked revenues to state agencies would flow to the state general fund. The earmarked revenue would be replaced with statutory transfers of state general fund. The transfers, as seen in new section 3, are designed to be equivalent to the current law earmarking. The transfers would be based on vehicle counts, thereby holding the revenue flow neutral. State agencies would continue to use state special appropriations to spend this transferred general fund revenue.

Impacts of Proposed Funding Shifts on State Government

Revenue Impacts	FY02	FY03
Personal Property Reimbursements	54,934,369	54,934,369
MV - District Court 10%	5,742,983	5,829,127
MV - All Other	75,484,466	76,616,733
Gaming Revenue	28,333,194	30,429,850
Gaming Revenue Accrual	6,944,410	
District Court Fees	0	1,906,941
Financial Institutions Tax	7,398,417	7,398,417
Financial Institutions Tax Accrual	7,398,417	0
Alcohol-Related Taxes	4,116,407	4,213,185
All Other Impacts (revenue only)	1,528,642	1,528,642
Total Revenue Impacts	**191,881,304**	**182,857,265**

Entitlement Growth Rate of 3.0% for cities & 2.3% for counties

Expenditure Impacts	FY02	FY03
State Funded Welfare	(15,167,615)	(15,545,703)
State Funded District Courts	(5,742,983)	(22,122,416)
Entitlement Share		
Counties (includes consolidated)	(41,183,585)	(28,116,142)
Cities	(43,462,283)	(44,766,151)
TIF's (original)	(4,073,027)	(4,073,027)
TIF savings (termination of districts)	7,456	765,905
TIF payment to Industrial Districts	(600,000)	(600,000)
Schools K-12 replacement of revenue	(56,980,850)	(57,413,905)
County Retirement	(10,920,240)	(11,003,234)
County Transportation	(1,814,759)	(1,828,551)
DNRC eliminate PILT	560,578	560,578
Judicial Branch Costs - District Courts	(400,250)	(400,250)
Administration, OPI, Justice	(43,238)	(40,946)
Total Expenditure Impacts	**(179,820,796)**	**(184,583,842)**

Impact to State

Category	FY02	FY03
Revenue	191,881,304	182,857,265
Expenses	(179,820,796)	(184,583,842)
Net Change	**12,060,508**	**(1,726,578)**

Department of Transportation

23. Summary of impacts to the Department of Transportation Highway Revenue account:

Impact:	FY 2002	FY 2003
Section 3 General fund transfer	$2,873,853	$2,916,961
Section 172 Registration Fees	(7,960,000)	(8,080,000)
Section 176 Proportionally Registered Fleets	4,514,748	4,514,748
Section 180 No county admin reduction	394,712	394,811
Net Gain (Fund 02422)	($176,687)	($253,480)

Fish, Wildlife and Parks

24. HB132 has been passed and approved, the boat in lieu tax continues and so federal Wallop-Breaux motorboat funds continue and so does this program.

Department of Justice, Motor Vehicle Division

25. Operating costs for the Motor Vehicle Division would be increased by $4,500 in FY 02 (60 hours @ $75/hour) for programming the fee increases and decreases, distribution allocations, changes affecting licensing exemptions, and developing a program to provide the statistical data required. Computer costs to complete the programming are estimated at $1,238 in FY 02 only (7.5 days @ $165/day). Total operating costs would increase by $5,738 ($4,500 + $1,238) in FY 02 only.
26. Training the county treasurers to ensure the accurate implementation of the changes created by HB 124 would be completed at the annual statewide training and communications workshops, regional and local established training schedules provided by the Department of Justice, Motor Vehicle Division training unit and will not increase costs.

FISCAL IMPACT:

Expenditures:	FY2002 Difference	FY2003 Difference
Judiciary	$400,250	$16,872,440
Department Administration	0	28,446
Department of Justice	5,738	0
DNRC	(560,578)	(560,578)
OPI administrative expenses	37,500	12,500
OPI School Block Grants	56,980,850	57,413,905
OPI County Block Grants	12,734,999	12,831,785
DOR Entitlement Share	84,645,868	73,061,194
DOR TIF Block Grants	4,665,481	3,907,122
DOR Reimbursements (SB 184 only)	(54,934,369)	(54,934,369)
TOTAL	$103,975,739	$108,632,445

Funding:

Judiciary		
General Fund (01)	$400,250	$22,522,666
State Special (02)		(5,650,226)
Subtotal	$400,250	$16,872,440
Appellate Defender		
General Fund (01)	$0	$178,901
State Special (02)		(178,901)
Subtotal	$0	$0

Administration		
General Fund (01)	0	28,446
Department of Justice		
General Fund (01)	5,738	0
Department of Natural Resources and Conservation		
General Fund (01)	(560,578)	(560,578)
Office of Public Instruction		
General Fund (01)	69,753,349	70,258,190
DPHHS		
General Fund (01)	15,167,615	15,545,703
State Special Revenue (02)	(15,167,615)	(15,545,703)
Subtotal	0	0
MUS		
General Fund (01)	194,088	194,088
State Special Revenue (02)	(194,088)	(194,088)
Subtotal	0	0
Department of Revenue		
General Fund (01)(statutory)	34,376,980	22,033,947
All Agencies		
General Fund (01)	$119,337,442	$130,201,363
State Special Revenue (02)	(15,361,703)	(21,568,918)
TOTAL	$103,975,739	$108,632,445
Transfers (see appendix 2 for details)		
General Fund (01)	(11,670,741)	(6,004,288)
State Special Revenue (02)	11,670,741	6,004,288
TOTAL	$0	$0
Revenues:		
General Fund (01)		
Motor vehicles – state special 6-mill levy	$194,088	$194,088
Motor vehicles – special fees	11,013,905	11,133,905
Motor vehicles – local (less section 176)	70,969,718	72,101,985
Motor vehicles – District Courts	5,742,983	5,829,127
District Court Fees to courts	0	1,906,941
District Court Fees to DPHHS	0	33,422
Gaming Revenue	35,277,604	30,429,850
Financial Institutions	14,796,834	7,398,417
Alcohol related taxes	4,116,407	4,213,185
All Other (revenue only)	1,528,642	1,528,642
Total general fund	$143,640,181	$134,769,562
State Special Revenue (02)		
Motor vehicles – state special 6-mill levy	(194,088)	(194,088)
Motor vehicles – special fees	(11,013,905)	(11,133,905)
DPHHS - Welfare and D.C. fees (adoption)	(15,167,615)	(15,579,125)
Dept. of Transportation (176 and 180)	4,909,460	4,909,559
Total state special	($27,209,131)	($27,826,686)

Total Revenue	$116,431,050	$106,942,876
Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	$12,631,998	($1,436,089)
State Special Revenue (02) Transportation	($176,687)	($253,480)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The shifts in revenue to the state result in net losses in revenue to all counties and municipalities. Local governments would be kept whole, however, under the Entitlement Share program. In the first year of the Entitlement program, the Entitlement Share payments are to approximate the proposed shift of revenue plus growth as shown in assumption 4. In following years, the Entitlement Share payment will grow according to a measure of economic conditions in the state.

The proposal modifies *but does not eliminate* the property tax revenue limitation currently in 15-10-420. Under current law local governments are only allowed to grow property tax revenues by the revenue generated by newly taxable property. As a result, those local governments without newly taxable property would see no growth in property tax revenue. Under the proposal, local governments are allowed to grow property tax revenues at one-half the average rate of inflation for the prior 3 years. This growth would be in addition to the property tax revenue generated by newly taxable property. The proposal also clarifies two issues regarding newly taxable property. First, local governments will not be able to treat the increases in taxable value of land due to elimination of the land cap as newly taxable property. However, local governments will be able to treat the release of taxable value from the incremental taxable value of tax increment financing districts as newly taxable property.

LONG RANGE IMPACTS:
Ongoing deficit concerns:

a. The one-time revenue sources in fiscal year 2002 keep the cumulative total costs to the state positive through 2006. The net revenue and expense to the general fund is negative and growing from fiscal years 2003 – 2005. The deficit grows from $1.6 million in FY 2003 to $3.3 million in FY 2005.
b. The deficit by 2011 is anticipated to be approximately $6.4 million per year.

TECHNICAL NOTES:

1. Due to the timing of the calculations of district court expenditures, the entitlement share of counties does not fully reflect the changes incorporated in HB540 and its effect on district court reimbursements to counties. The state general fund backfills approximately $200,000 per year of this loss, which under current law would be absorbed by the county.
2. Several agencies will need adjustments to appropriations in HB2 or HB124: The Montana University System six-mill levy replacement, DPHHS welfare (fund switch), the Office of Public Instruction the Department of Justice will need operating authority.
3. Section 1(1) calculates entitlement shares for lost revenues to local governments for revenues which the act does not eliminate or reduce the local revenue. This occurs in subsections: (e) manufactured homes fees with no change in local revenues in 15-1-116; (g) coal severance tax allocations for county land planning with no change in local revenues in 15-35-108; (i) late filing fees with no change in local revenues in 61-3-201; and (n) single movement permit fees with no change in local revenues in 61-4-311.
4. Section 180 eliminates the county administration allocation of 5% of GVW fees yet Section 1 does not include these in the calculation of entitlement shares.

5. If HB124 is passed and approved, the government of the State of Montana will accept several global risks that it currently does not have:
   a. Revenue risk for motor vehicle fees, gambling, and all other revenue moved to the State of Montana
   b. Expenditure risk for
      - Assumption of district court expenses: will the state be able to control the costs of the district courts.
      - Assumption of welfare: how much will it cost to equalize services across the state, can enough efficiency be gained, will the state be able to control costs
      - Growth rates of the entitlement share, will the revenues of the state keep pace with the requirements of the growth rate of the entitlement share?

Department of Commerce

7. Section 95 revises the restrictions on local mill levies new limitations of 15-10-420, which now allow local governments to levy less than the maximum and retain the capacity to levy to the maximum at a later time without a vote. This may make it more difficult to audit the propriety of the mill levies because the level at which the mill can be set is dependent on local management philosophy which may change from year to year.

Department of Justice, Motor Vehicle Division:

8. Montana Statute 1-2-201(1)(c), MCA, provides that changes to the taxation fees in lieu of taxes for motor vehicles are to be effective the first day of January following passage and approval of the legislation which allows for fair and equal treatment of all Montana taxpayers. Since this bill is effective July 1, 2001, there would be a disparity in the types of collection and the distribution of those fees.
9. It may not be possible to complete the programming required by the State and the counties to implement this bill by July 1, 2001.

Department of Justice, Gambling Control Division:

10. There are a few local jurisdictions that currently do not receive a distribution of video gambling machine taxes or permit fees because they currently do not have any video gambling machines permitted or active within the jurisdiction. There may come a time when a gambling operator is licensed and machines are permitted in those jurisdictions after July 1, 2001. Under the law as it is written it appears that local government distributions will not be adjusted to reflect this fact.

Department of Public Health and Human Services Program 33, Addictive & Mental Disorders

11. SB317 and Section 106, Section 16-1-406, MCA combined create a revenue loss to DPHHS of approximately $21,000 per year. Current statute allows for a collection of $1.00 of the $4.30 tax assessed per barrel of beer. This amendment changes this collection to 23.26% of the total tax collected per each barrel with a maximum collection of $4.30 per barrel. Smaller brewers will be taxed at a lower amount.

Appendix A

There are other funding changes that result in a gain in revenue for the state. These changes are categorized as all other impacts. A listing of the changes is in Table 4 below.

Table 4
List of Category "All Other Impacts"

Revenue Impacts	Impact on State Government FY02	FY03
County Title-Road Funds	429,720	429,720
County Personalized Plate Fee ($20 of $25)	424,990	424,990
Late Filing Fee	202,466	202,466
County Land Planning	198,663	198,663
State Aeronautics Fee	192,514	192,514
Special Mobile Equipment	45,611	45,611
Off-Highway County Titling	9,003	9,003
Disabled Veteran Flat Fee	7,486	7,486
Single Movement Permit	7,239	7,239
Veterans/Purple Hear $10 Original County General $3	6,602	6,602
Camper Decal/Replacement Decal	4,140	4,140
County Manufactured Home De-Title	208	208
Total Revenue Impacts	1,528,642	1,528,642

Note: DNRC PILT payment moved to expense

Note: While the above represent a proposed shift in revenue flow from local government to the state, it *does not mean* that local governments would lose revenue currently coming from these sources. The amount of revenue currently in these sources is included in the Entitlement Share payment to local governments.

Appendix 2

General fund transfers	FY2002	FY2003
Transportation	2,873,853	2,916,961
Justice vehicle fees	268,890	268,890
FWP vehicle fees	405,162	405,162
Agriculture vehicle fees	1,513,425	1,513,425
DEQ vehicle fees	748,520	748,520
Military Affairs	117,908	117,908
Judiciary D. C. Motor vehicle	5,742,983	
DPHHS (court fees adoption)		33,422
Total	11,670,741	6,004,288

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
FREE CONFERENCE COMMITTEE ON HOUSE BILL 124

Call to Order: By **CHAIRMAN ROYAL JOHNSON**, on April 18, 2001 at 12:30 P.M., in Room 455 Capitol.

ROLL CALL

Members Present:
Sen. Royal Johnson, Chairman (R)
Rep. Bob Story, Chairman (R)
Rep. John Esp (R)
Sen. Bob Keenan (R)
Rep. Jeff Mangan (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Robyn Lund, Legislative Secretary
Lee Heiman, Legislative Attorney

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted:
Executive Action: HB 124

CHAIRMAN JOHNSON said we are back to where we have almost the original bill and a number of people are working on different situations. He asked **Judy Paynter, Department of Revenue** to distribute the information and explain the differences. He said they would try to go through each of the suggestions that have been made in the last 24 hours and make a decision.

Judy Paynter, Department of Revenue referred to a large sheet entitled "Impacts of Proposed Funding Shifts on State Government", **EXHIBIT(frh87hb0124a01)**. She said she tried to find **Director Swysgood** when they got done analyzing this, but couldn't find him, so does not know what his position is. The impact to the state would be $20,781,606. When they were working with the

Budget Director before on what was acceptable, 2.3%, it cost $20,398,000, so total cost is almost identical. She is going to compare the proposal marked "Counties (includes road fund) HB 20 and SB 417 are out, 2.3% Growth ALL YEARS", **EXHIBIT(frh87hb0124a02)** with the one marked "Cities", **EXHIBIT(frh87hb0124a03)**. The Cities proposal is 3% for the first four years, dropping to 54%, and estimated to be 2.3% for the out years. Cities have current law revenues of $56 million in fiscal year 2011. Under the entitlement share, they end up with $1.6 million less that year because of the revenue sources they are giving up. At 3%, they are $672,865 ahead or a little over 1% because they have a big revenue base that grows faster than the county base. Their base in 2002 is $42,871,950 and they go up to $56,035,556 in 2011. There is a dramatic contrast between cities and counties. The proposal for Counties, 2.3% ALL YEARS Revenue Net Expenditures, exhibit(2) starts with $26,487,147 in 2002 and for fiscal year 2011 goes to $26,175,964. Their revenue stays almost flat vs the counties having growth. When you give them 2.3% every year, their entitlement share in fiscal year 2011 is $7.4 million on a revenue base of $26 million. If you were to give them 3%, they would make $9.8 million on a revenue base of $26 million. When you apply a growth factor for counties, they end up gaining more, percentage wise, in their budget than the cities do. If you separated the growth rate between counties and cities and gave counties 2.3% and cities 3%, counties still come out better than cities. Included is an additional calculation, **EXHIBIT(frh87hb0124a04)** entitled "Counties, HB 20 and SB 417 Are Out, 2.3% Growth In Out Years".

SEN. KEENAN asked if there would be individual disparities if you have a big city like Billings and a small county, depending on the size of their budget. **CHAIRMAN JOHNSON** asked if it is correct that when you say "county", you include everything in the county; cities and county residents. **Judy Paynter** said the sheet shows the county government, the road fund, and the specials. **CHAIRMAN JOHNSON** asked if the cities are strictly incorporated cities. **Judy Paynter** said yes. **CHAIRMAN JOHNSON** referred to **SEN. KEENAN'S** question and said the city residents take part in both of these situations and end up with the lesser dollar amount as you go out the ten year period, cities end up with $672,000 on 3%, and counties end up with $7 million even at 2.3%.

REP. ESP asked what that does to the combined governments of Butte/Silver Bow, Anaconda/Deer Lodge. **Brad Simshaw, Department of Revenue** (DOR) said they would be rolled up into the county. DOR has not looked at individual counties or cities or consolidated county/city governments. **REP. ESP** asked if they would be counted at 3% or 2.3%. **Brad Simshaw** said it would be whatever is decided on for counties. **CHAIRMAN JOHNSON** said that

is a policy decision that the Revenue Department is asking this committee to make. **REP. ESP** said if they were changed to be treated as cities, wouldn't it change the numbers $20,000 or $30,000. **Brad Simshaw** said it would not change the big picture.

SEN. STONINGTON commented that the two problems they have been trying to solve are the total impact to the state general fund, and as they reduced the impact, the fact that it became untenable for cities because they actually lost revenue in that package. She said that this proposal is a good middle ground. Counties are doing well with either the 2.3% or 3% scenario. This allows the counties to have some growth and keep the cities where they can participate and not feel they are losing money in doing so. She said she liked the looks of this proposal.

CHAIRMAN JOHNSON asked everyone to look at this proposal. He said this has been brought for consideration, and people will have to decide if it is something they want to support. He asked **Amy Carlson, Budget Department** to comment and she said she would get the proposal to **Director Swysgood** later today. **CHAIRMAN JOHNSON** asked for comment from cities and counties.

Tynette Gleason, Butte/Silver Bow said they would like to be considered under the city portion, rather than the counties. They have always functioned underneath the cities in the budget process. **CHAIRMAN JOHNSON** said that is understandable, but since their county situation is unique, it may not be fair to the other counties in the state. That is one of the policy decisions the legislature will have to make.

Harold Blattie, Stillwater County asked if this is 2.3% for counties ALL YEARS vs out years. **Judy Paynter** said ALL YEARS.

CHAIRMAN JOHNSON said they would wait and consider this further after **Budget Director Swysgood** had commented on it.

Alec Hansen, Montana League of Cities and Towns said the situation for cities is that their revenues going into this program: motor vehicles, gaming, financial institutions, and alcohol are an estimated 2.75% growth per year. At 2.3%, they lose money in the out years. By fiscal year 2011, they lose $1.6 million a year. The loss does not occur at 3%. In fiscal year 2006, instead of losing money in the out years, they make $326,730 and in 2011 they make $672,865. Those are marginal increments in municipal revenues, but there are many other good ideas that have gone into this bill. They are not about to sabotage the bill if cities and towns do not drop below the water line. They will support the bill at 3% growth rate for cities.

Jani McCall, City of Billings said they agree with **Alec Hansen,** they absolutely need the 3%.

Tim Burton, City of Helena said they hold the same position.

Gordon Morris, Montana Association of Counties said that no marginal implications for counties would be adverse. He asked if the goal is to get the total down to $20 million. At 3%, it is $315 million and that brings it to $32 million. Based upon the 2%, it is down to $20,781,000. When we talked last Friday, we were looking at 3% through 2005 and 2.3% beginning in 2006 for counties, that brought it down by $5 million. Is there any room for negotiation? **Judy Paynter** said that to do 3% the first four years and then do 2.3% costs an additional $7 million. The goal, without having the opportunity to find the **Budget Director** this morning, was that he said if you do the scenario that spends $20.4 million, he is okay with that. Her goal was to get as close to that as she could, to make it palatable for him and good for both cities and counties. **Gordon Morris** said he welcomes the consideration the Department of Revenue brought. He understands where the cities are with this. They have solved the dilemma for the cities and his initial analysis is that anything above that would be above the line. He would feel comfortable recommending this to his counties.

REP. MANGAN said he is concerned that the **Budget Director** is not here. This scenario would cost $4 million to the state in fiscal year 2008. We are looking at a number of 20. What we have basically done in this process is to eliminate growth to schools that came out of Senate Tax, we have eliminated a growth rate to counties at 3%. We phased the declining reimbursements back in over magical numbers that are 7-8 years away from today, that we cannot possibly foresee. We have forgotten the underlying philosophy of the bill, partnership for economic development. We are forgetting the growth in the general fund. We are forgetting what cities' and counties' local governments give to the state as far as economic development with good streets, better schools, better infrastructure, and a quality way of life for one person's magic number ten years away. He said it almost offends him the way people have been pitted against each other in this whole process. He feels they are not looking at the real issue, they are looking at something they couldn't possibly estimate eight years out and that is not good policy.

REP. ESP said **Gordon Morris** asked what the 3% for counties in the first four years would cost and you estimated $7 million. He said it is more like $2 million. **Brad Simshaw** said the total entitlement for the counties over the ten year period if it were 2.3% for ALL YEARS would be $303.7 million. If it were 2.3% in

the out years, it would be $311 million. **Judy Paynter** said once you increase the 3%, you have to continue that base increase and that is what adds to it.

SEN. STONINGTON said it is important to remember that this bill is good for cities and counties. It takes them out from under the risk of what this legislature does every session over which they have no control, which is to cut their tax base. We are just down to the fine points on this bill. This is a good bill, and it is important for cities and counties. She said she does not want to see the support lost that we have on this bill. The Senate body is very nervous about this bill, they have not resolved the issue of trust. From their point of view, it is the lack of trust of local governments for the legislature. We need to try to improve that trust level. If people can live with the compromise that makes the Budget Office happy, that makes the cities at least stay whole, and the counties and schools not hurt from this, then the bargain that has been struck in the whole bill is so valuable that it is not worth quibbling over. She is afraid of seeing this bill go down, because we are struggling over the fine points and not trying to help people who are insecure about this, or who are afraid of what it is doing to their county. We should come together on this bill and go out of here to work with legislators to understand what a good bill it is for their communities and their counties.

CHAIRMAN JOHNSON reminded everyone that we have an interesting situation here. This is a bill that if we don't truly want to injure cities and towns, we must have some form go through and pass. He said we have a real problem, no matter how it comes out of this committee, with getting it through the Senate. If it fails on the Senate floor, we must have a back up, because we cannot afford to lose the other reimbursements. Every bill that goes through this legislature goes through the administration before it gets into law, and we don't have time to have anyone in the administration put us in the position of not having anything go through. He reminded everyone that we are not talking about the same situation as we do in most bills.

REP. STORY commented that his position is never to force anything on the local governments. It was to try to help them get something through that would work. He agrees with **REP. MANGAN,** that it is a frustrating process when you think you have deals made and you can't hold them together. If the counties are willing to live with the 2.3%, get this on the road. If we can keep it alive we will try to fix it. He is concerned that we will never get the opportunity again.

SEN. KEENAN said he is not looking at this bill as to whether it is good for cities and counties, he looks to see whether it is good for the state as well. In state government the big picture is that we have talked a lot about school funding. School funding and school policy are driven by collective bargaining. The pay plan drives everything in state government. His fear is that we are setting up another type of a matrix that will carry us out to infinity where cities and counties are not going to be happy. When we get another eight years out, we will have another collective bargaining process with local governments coming in and saying they can't live on the budget they have; and it has to be reworked to increase their payment. He is concerned about losing control at the state level by having all these agreements set so that when the legislature comes to town, all we do is write the check. University system is the same situation, the collective bargaining process drives that, and the students get what is left. What happens is that the state is put into a corner where we have to dole out the money that we are obligated to, but where do we get the money. If you look at the budget, we have relied on the federal government. He said that is his concern. Where are we as state legislators who are coming here to manage the state budget. Are we just locking ourselves into all these obligations that we have to carry out. We aren't managing anything, we are just writing checks and raising taxes to cover our obligations.

REP. MANGAN said one of the reasons he is frustrated is that we have gotten away from the philosophy of the bill. This is a partnership with the State of Montana and local governments to spur the system in economic development for the entire state. They grow with us and they decline with us under this bill, it is not a payment for services situation. This is a case where we are agreeing to partner with our local governments for the betterment of the people of Montana. The frustration happens when we get stuck on a fiscal year, particularly eight years out, with poor numbers because we can't foresee that. We are not including any state growth in those factors, and at this point we are saying we are going to have to pay local governments. He said that is not the case and agreed this is a good bill. He said if it wasn't, he would not be so passionate about it.

SEN. KEENAN asked how cities and counties will "grow with us and decline with us". Where is the decline when you have a 3% automatic growth rate going out. If the state declines, how do the counties and cities decline in their revenue streams from the state. **REP. MANGAN** said the growth rate is the formula. When they factor in those numbers, it won't be 3% or 2.3% in those out years. That could change, depending on what those numbers are.

Judy Paynter referred to page five of the tan bill, line seven. This lays out the calculation. What they are doing is taking four years, the average growth rate and the Montana growth rate product and personal income growth. You average them and get 70% of that average. If the state is growing, those indicators follow the state growth, and the 70% will be larger as it grows up. When the state is declining and it comes down, it will be less. It grows or declines more evenly than the state does because there is averaging.

Gordon Morris commented he looked at Flathead, Missoula, Lewis and Clark, Silver Bow and Anaconda counties. Flathead, Missoula, Lewis and Clark are fine with this. However if you look at Silver Bow they go negative after the first year and are negative all the way out. This is due to the fact they are a consolidated government. You are blending the municipality and the gambling money into a county environment. He recommended taking Anaconda and Butte/Silver Bow and putting them into the 3% municipal category. Then no one would be negative under the 2.3%.

Dennis ----- said he would support that recommendation. The reason those two consolidated governments go negative is that they have high gambling revenues like other cities and counties. The growth rates on gambling are higher, and at 2.3% they would go negative. He said they don't want any losers, and if it is necessary, they will put those governments in a separate category or in with the cities at 3%.

REP. ESP referred to page eight of the bill. If revenues go down drastically, there is a mechanism to reduce the growth rates so there is some protection for the state involved in that portion. His other point is that the state does get to manage some things; one is the court system, the other is welfare. They do have some control that they did not have before.

SEN. STONINGTON noted that because the state is the policymaker in the whole arena of state and local government law, we are the ones with the responsibility for controlling the policies that drive costs, and we do that to local governments. That is what brought this bill forward. Local government was saying you do it to us every time; you change tax policy, you cut our tax base, you tell us we have to do more, and you don't give us the money to do it. What they came here saying was give us the pool of money that you already impacted on SB 184, that reimbursement amount, and we will throw in these other revenue funds that come to the state anyway. Gaming and alcohol money already come to the state and get sent back out to local governments. Motor vehicle money is the only money that doesn't currently come here and get parceled back out. Local government said they would

throw that money in too, and asked to be taken out of the picture where the legislature can change tax policy and they have no say in it. That is what this bill is all about. It is saying let's take that lump of money, you get it as an entitlement share; we'll give you a growth factor, because we the state will get the growth out of those revenue sources, and you will go with the state's economy. If it goes up, you will get growth; if it goes down, you will take the bite along with the state. She said she doesn't see how it could be a better deal for both the state and the local governments.

SEN. KEENAN asked what is being done with the small dying Eastern Montana counties. From what was just said, are we locking in our current tax policy with this bill. **REP. STORY** said that for counties this is a stabilization fund. Those counties that are losing people, losing tax base, etc. are basically on their 2001 base with a growth factor on it. Any rural county will come out better under this bill than they are under current law. The tax policy issue is one that affects our tax policy to some extent. In these particular revenues, if we go into gaming or motor vehicle revenue, alcohol and financial institutions and the legislature make a change that causes those revenues to decrease, we are bound by this bill to leave that money in the entitlement share. If we want to do something with houses or business equipment, it is still a case by case decision whether we are going to reimburse for that or not. The other issue is the $55 million on the top. So far that is only a two year appropriation. Without some ongoing thing, the next legislature may decide not to fund that and start phasing it out like we are doing on SB 417 and HB 20. Then you shift all that back on local property tax.

SEN. KEENAN said what this bill is doing, speaking from the state's perspective, we are taking this snapshot and projecting it out. This bill deals with tax reductions that have become the burden of local governments over the last years. If we reduce taxes, it is the state's loss in revenue, not local government's. If we increase taxes, it is the state's gain, not local government's. Is that right? **REP. STORY** said yes.

CHAIRMAN JOHNSON called the next meeting for 5:00 P.M. today, since **REP. STORY** had to leave for another meeting. He asked **Amy Carlson** what the **Budget Director's** commitment is. **Amy Carlson** said she believes he can be there at 5:00 PM. **CHAIRMAN JOHNSON** said they were not going to adjourn right now, they are going to go through some amendments because they are not sure whether the Director would accept this, even if they voted it in.

{Tape : 1; Side : B}

SEN. KEENAN said he had Amendment HB012483 which was requested by **Mary Wittinghill, EXHIBIT(frh87hb0124a05). Lee Heiman** explained that it is an amendment to the orange bill. It fits into the brown bill on page 80, lines 8 and 11. **Mary Wittinghill, Montana Taxpayers Association** (MTA) said they were concerned after SB 184 increased mill levies. This amendment still allows local government to have floating mill levies in areas of the state that are experiencing stagnant growth. It does not allow local government jurisdiction to have both the growth from the newly taxable property and the added growth resulting from one half the average rate of inflation over the past three years. This puts it at an either/or situation. As the bill is now it has growth of newly taxable property, and the counties and local jurisdictions can grow the budget that they are starting from by one half the average rate of inflation. This amendment still gives counties and local governments the opportunity for growth because it gives options, plus they have the option of going to a vote of the people for increased expenditures. There will also be growth in the entitlement. MTA believes this amendment would insure that all counties could get some growth while protecting those increasing mill levies. Those increases should go to the voters for determinaton. **CHAIRMAN JOHNSON** asked for verification that #2 of the amendment should read "line 11". **Lee Heiman** said yes.

SEN. STONINGTON asked if we are controlling numbers of mills able to be levied here or are we on the budget. **Judy Paynter** said we are controlling revenue. You can take the number of dollars in property tax that you had the year before and you can get exactly those dollars next year, plus newly taxable property. What you have as base revenue does not ever grow on your property tax, so what the committee did was say you can grow your base by one half the rate of inflation and use your newly taxable property to help you with the growth that is occurring in your community. That is why the committee gave them both.

REP. ESP asked if they were just budgeting authority. **Judy Paynter** said that if you don't have the revenue you can't spend it. **REP. ESP** said then this is budgeting authority for what the growth can be at the local level. **Judy Paynter** said yes, to generate the revenue for them to spend. **REP. ESP** asked if the growth in the entitlement share is a minor portion of the counties total revenue. **Judy Paynter** said yes. This is also a limitation that you can get only one half the rate of inflation, so if your community is not growing you can increase this source of revenue only by half the rate of inflation. If you are faced with pay raises and utility costs you can get half the rate of inflation, but beyond that you do not have a source of revenue. If you are growing, you can use your newly taxable property to

supplement, due to the fact that one half the rate of inflation usually doesn't cover costs and any new growth services.

Harold Blattie, Stillwater County Commissioner, said the number the committee originally put in place was 2%, but that was marginal. One half of the inflationary rate, last year the inflationary rate was 1.6%, this year it has been 1.6%, 2.2%, 3.4%. Half of 3.4% for this coming year would be 1.7%. We need a dose of reality; this amount won't pay the light bills, the increases in insurance, or our operating costs. Our employees deserve reasonable cost of living increases. By changing the plus to an "or", it is a slap. He urged that the amendment be rejected.

Alec Hansen said one half the rate of inflation is less than the actual cost increases for local government. He said he saw an article in the newspaper about a state set aside of dollars in anticipation of paying more for power. Power increases alone will exceed one half the rate of inflation by many times. This amendment is based on the assumption that growth is all gravy. If you have more people, more houses, more businesses, and more traffic, you need more services. Growth doesn't pay for itself. Estimates are that for every dollar you get out of a piece of taxable property, you probably put $1.38 in services into it. This is based on the idea that if you have growth you don't need an inflationary adjustment. But growth does not cancel out inflation. You still have to pay higher energy rates, etc.

SEN. JIM ELLIOTT, SD 36, TROUT CREEK commented he appreciated how hard this committee had worked to make this a better bill than it was before it went into the Senate. Every amendment he has seen brought before this committee has had one of two purposes. One is to correct a flaw or a series of flaws that were discovered in the bill. He reminded everyone that had this bill passed the Senate, those flaws would now be law. The second issue that the amendments address is to please the Budget Office. Had the bill passed the Senate, we would have either seen an amendatory veto, or the bill would now be law. As one of the 24 people who voted against the bill, he was ready to compromise on what he would accept. But, if the purpose of this committee is to make the bill okay for the Budget Director, that is the committee's will. He had thought the purpose of the committee was to put the bill in a form that was acceptable both to the House and the Senate. He said he had not seen any changes in the bill to make him like it any better, or to make his counties like it any better.

Chuck Swysgood, Director Office of Budget and Program Planning referred to the exhibits. He said he is concerned about the exception to the combined counties and cities: Butte/Silver Bow

and Anaconda/Deer Lodge. He said he would assume that it would add a little cost to the bill, but it might not be significant. Under this concept, Butte/Silver Bow might be in the red under 2.3% and we don't want to do that. He said he is not sure how that would be addressed, unless it would be to give those counties with combined governments a different rate that would keep them whole. Looking at the bottom line, he is concerned with cost in this bill. His responsibility is to the fiscal ability of the state to meet its obligation now and in the future. Unless there are significant changes in revenues as it relates to those two local governments that are combined, the money has not changed that much and he can't argue against this concept. If it works out that those two local governments aren't any worse off than they would have been otherwise, then he doesn't have a problem with it. He said we need to look at the impact for Butte/Silver Bow; they would be impacted the most because of their size. When those figures are worked out, he said he would be glad to look at them and give a final decision.

CHAIRMAN JOHNSON asked if that meant that the figure that was an impact to the state, that was in the neighborhood of $21 million would be agreeable. **Director Swysgood** said it is not a significant enough difference to be a problem, and he would accept the proposal if that is what the committee wants.

CHAIRMAN JOHNSON said we are back to the amendment we were talking about and it has not been moved. He asked if anyone wanted to move that amendment or if there were any more amendments. **Lee Heiman** said there were no more amendments. (No one offered to move the amendment.) **CHAIRMAN JOHNSON** said they would adjourn until 5:00 P.M. and consider the changes in numbers for combined local governments at that time. **Judy Paynter** said they would run the numbers.

ADJOURNMENT

Adjournment: 1:55 P.M.

SEN. ROYAL JOHNSON, Chairman

Linda Keim, Secretary

BS/RJ/

EXHIBIT(frh87hb0124aad)

Impacts of Proposed Funding Shifts on State Government — Local Schools as in the Brown Bill

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Sum FY02 to FY11
Personal Property Reimbursements	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	54,934,369	549,343,690
MV - District Court 10%	5,742,983	5,829,127	5,916,564	6,005,313	6,095,392	6,186,823	6,279,626	6,373,820	6,469,427	6,566,468	61,465,545
MV - All Other	75,484,466	76,616,733	77,765,984	78,932,474	80,116,461	81,318,208	82,537,981	83,776,051	85,032,691	86,308,182	807,889,230
Gaming Revenue	26,333,194	30,429,650	31,707,904	33,039,636	34,427,301	35,873,247	37,379,924	38,949,860	40,585,775	42,290,378	353,017,068
Gaming Revenue Accrual	6,944,410										6,944,410
District Court Fees	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	1,906,941	20,976,351
Financial Institutions Tax	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	7,398,417	73,984,170
Financial Institutions Tax Accrual	7,398,417	0	0	0	0	0	0	0	0	0	7,398,417
Alcohol-Related Taxes	4,116,407	4,213,188	4,312,236	4,413,620	4,517,368	4,623,591	4,732,293	4,843,551	4,957,424	5,073,975	45,803,870
All Other Impacts	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	2,089,220	20,892,200
Total Revenue Impacts	194,348,823	183,417,843	186,031,837	188,719,994	191,485,487	194,330,816	197,258,770	200,272,249	203,374,266	206,567,950	1,945,807,930

EXHIBIT 1
DATE 4/18/01
HB 124

City Growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
County Growth	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Local School Growth	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%

State G. F. Expenditure Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Sum FY02 to FY11
State Funded Welfare	(15,240,116)	(15,618,204)	(16,005,672)	(16,402,752)	(16,808,644)	(17,228,711)	(17,654,084)	(18,092,059)	(18,540,900)	(19,000,877)	(175,591,059)
State Funded District Courts	(21,471,584)	(22,106,639)	(22,764,996)	(23,446,639)	(24,138,344)	(24,852,868)	(25,590,727)	(26,350,020)	(27,132,294)	(27,937,793)	(245,786,114)
Entitlement Share											0
Counties	(27,361,943)	(27,991,288)	(28,635,089)	(29,283,675)	(29,957,430)	(30,656,661)	(31,361,784)	(32,083,105)	(32,821,017)	(33,575,900)	(303,747,875)
Cities	(43,462,283)	(44,766,151)	(46,109,136)	(47,492,410)	(48,917,182)	(50,384,698)	(51,896,239)	(53,453,126)	(55,056,720)	(56,708,421)	(498,246,367)
TIF's (original)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(4,073,027)	(40,730,270)
TIF savings (termination of districts)	7,548	765,905	765,905	765,905	2,888,026	2,631,369	2,631,369	3,537,148	3,537,150	3,537,161	20,777,475
TIF payment to Industrial Districts	(600,000)	(600,000)	(300,000)	(300,000)	0	0	0	0	0	0	(1,800,000)
Schools K-12 replacement of revenue	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(56,551,062)	(565,510,620)
Block Grant	(429,788)	(662,843)	(1,299,188)	(1,738,850)	(2,181,853)	(2,628,224)	(3,077,996)	(3,531,187)	(3,987,792)	(4,447,887)	(24,185,578)
County Retirement	(10,920,240)	(11,003,234)	(11,088,888)	(11,171,118)	(11,256,019)	(11,341,588)	(11,427,780)	(11,514,611)	(11,602,123)	(11,690,299)	(113,013,827)
County Transportation	(1,814,759)	(1,828,551)	(1,842,448)	(1,856,451)	(1,870,560)	(1,884,776)	(1,899,100)	(1,913,534)	(1,928,077)	(1,942,730)	(18,780,986)
Administration											0
Judicial Branch Costs - District Courts	(419,127)	(385,377)	(396,938)	(406,846)	(421,112)	(433,745)	(446,758)	(460,160)	(473,965)	(488,184)	(4,330,213)
SB136 amended	0	(49,684)	(66,835)	(68,940)	(70,805)	(73,032)	(75,223)	(77,480)	(79,804)	(82,199)	(644,003)
GTB Retirement	0	0	0	0	0	0	0	0	0	0	0
GTB School District General Fund	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure Impacts	(182,332,349)	(186,972,136)	(186,365,329)	(192,931,966)	(193,957,152)	(197,476,050)	(201,422,382)	(204,562,203)	(204,799,631)	(212,961,227)	(1,966,589,437)

Impact to State

Category	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Sum FY02 to FY11
Revenue	194,348,823	183,417,843	186,031,837	188,719,994	191,485,487	194,330,816	197,258,770	200,272,249	203,374,266	206,567,950	1,945,807,930
Expense	(182,332,349)	(186,972,136)	(186,365,329)	(192,931,966)	(193,957,152)	(197,476,050)	(201,422,382)	(204,562,203)	(204,799,631)	(212,961,227)	(1,966,589,437)
Net Change	12,016,474	(3,554,294)	(333,492)	(4,211,972)	(2,471,665)	(3,145,234)	(4,163,612)	(4,289,954)	(1,425,365)	(6,393,277)	(20,781,508)

Impact to HB20 and SB417 Reimbursements - Counties

Current Law Reimbursement Amounts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Sum FY02 to FY11
HB20	4,374,374	3,748,463	3,124,553	2,498,642	1,874,732	1,249,821	624,911	0	0	0	17,497,496
SB417	4,423,017	3,791,157	3,159,298	2,527,438	1,895,579	1,263,719	631,860	0	0	0	17,692,068
Total General Fund	8,797,391	7,540,620	6,283,851	5,027,080	3,770,311	2,513,540	1,256,771	0	0	0	35,189,564
Decrease from FY01 Current Law Phase-Down	(1,258,609)	(2,513,380)	(3,770,149)	(5,026,920)	(6,283,689)	(7,540,460)	(8,797,229)	(10,054,000)		0	(45,242,436)
Mill Adjustment under Current Law	1,258,609	2,513,380	3,770,149	5,026,920	6,283,689	7,540,460	8,797,229	10,054,000	0	0	45,242,436
Mill Adjustment Under HB124	1,290,537	2,581,241	3,871,943	5,162,647	6,453,349	7,744,052	9,034,754	10,325,456	0	0	46,463,982
Difference	33,928	67,861	101,794	135,727	169,660	203,592	237,525	271,456	0	0	1,221,546

Impact to HB20 and SB417 Reimbursements - Cities

Current Law Reimbursement Amounts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Sum FY02 to FY11
HB20	930,476	797,723	664,769	531,815	398,861	265,908	132,954	0	0	0	3,723,706
SB417	637,155	537,562	447,968	358,375	268,781	179,187	89,594	0	0	0	2,508,622
Total General Fund	1,567,631	1,335,285	1,112,737	890,190	667,642	445,095	222,548	0	0	0	6,231,328
Decrease from FY01 Current Law Phase-Down	(222,548)	(445,094)	(667,642)	(890,189)	(1,112,737)	(1,335,284)	(1,557,831)	(1,780,379)		0	(8,011,704)
Mill Adjustment under Current Law	222,548	445,094	667,642	890,189	1,112,737	1,335,284	1,557,831	1,780,379	0	0	8,011,704
Mill Adjustment Under HB124	228,557	457,112	685,668	914,224	1,142,781	1,371,337	1,599,892	1,828,449	0	0	8,228,020
Difference	6,009	12,018	18,026	24,035	30,044	36,053	42,061	48,070	0	0	216,316

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4/18/01 12:02

EXHIBIT 2
DATE 4/18/01

2.3%

Counties (includes road fund)
HB20 and SB417 Are Out - 2.3% ALL YEARS

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
District Court Expenditure	13,109,812	13,499,173	13,900,099	14,312,932	14,738,026	15,175,745	15,626,465	16,090,571	16,568,461	17,060,544
Welfare Expenditure	15,239,986	15,617,938	16,005,263	16,402,193	16,808,968	17,225,830	17,653,030	18,090,826	18,539,478	18,999,257
Total Current Law Expenditure	28,349,798	29,117,111	29,905,361	30,715,125	31,546,993	32,401,575	33,279,495	34,181,396	35,107,939	36,059,801
Revenue Net Expenditures	(26,487,147)	(26,641,575)	(26,591,178)	(26,538,461)	(26,483,460)	(26,426,217)	(26,366,783)	(26,305,216)	(26,241,584)	(26,175,964)
HB124 Entitlement	27,361,945	27,991,269	28,635,069	29,293,675	29,967,430	30,656,681	31,361,784	32,083,105	32,821,017	33,575,900
(Entitlement Growth)	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Difference	874,796	1,349,694	2,043,890	2,755,214	3,483,970	4,230,463	4,995,001	5,777,889	6,579,433	7,399,936

3.0%

Counties (includes road fund)
HB20 and SB417 Are Out - 3.0% ALL YEARS

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
District Court Expenditure	13,109,812	13,499,173	13,900,099	14,312,932	14,738,026	15,175,745	15,626,465	16,090,571	16,568,461	17,060,544
Welfare Expenditure	15,239,986	15,617,938	16,005,263	16,402,193	16,808,968	17,225,830	17,653,030	18,090,826	18,539,478	18,999,257
Total Current Law Expenditure	28,349,798	29,117,111	29,905,361	30,715,125	31,546,993	32,401,575	33,279,495	34,181,396	35,107,939	36,059,801
Revenue Net Expenditures	(26,487,147)	(26,641,575)	(26,591,178)	(26,538,461)	(26,483,460)	(26,426,217)	(26,366,783)	(26,305,216)	(26,241,584)	(26,175,964)
HB124 Entitlement	27,549,172	28,375,647	29,226,917	30,103,724	31,006,836	31,937,041	32,895,152	33,882,007	34,898,467	35,945,421
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Difference	1,062,025	1,734,072	2,635,738	3,565,263	4,523,376	5,510,824	6,528,369	7,576,791	8,656,883	9,769,457

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EXHIBIT 3
DATE 4/18/01
HB 124

2.3%

Cities
HB20 and SB417 Are Out - 2.3% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)
Motor Vehicles - District Courts	-	-	-	-						
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(11,533,636)	(11,706,640)	(11,882,240)	(12,060,474)	(12,241,381)	(12,425,001)	(12,611,376)	(12,800,547)
Gaming Revenue	(21,740,060)	(23,348,824)	(24,329,475)	(25,351,313)	(26,416,068)	(27,525,543)	(28,681,615)	(29,886,243)	(31,141,465)	(32,449,407)
Financial Institutions Tax	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)
Alcohol-Related Taxes	(3,651,323)	(3,737,129)	(3,824,952)	(3,914,838)	(4,006,837)	(4,100,997)	(4,197,371)	(4,296,009)	(4,396,965)	(4,500,294)
All Other Impacts	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)
[illegible]										
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3.0%

Cities
HB20 and SB417 Are Out - 3.0% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)
Motor Vehicles - District Courts	-	-	-	-						
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(11,533,636)	(11,706,640)	(11,882,240)	(12,060,474)	(12,241,381)	(12,425,001)	(12,611,376)	(12,800,547)
Gaming Revenue	(21,740,060)	(23,348,824)	(24,329,475)	(25,351,313)	(26,416,068)	(27,525,543)	(28,681,615)	(29,886,243)	(31,141,465)	(32,449,407)
Financial Institutions Tax	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)
Alcohol-Related Taxes	(3,651,323)	(3,737,129)	(3,824,952)	(3,914,838)	(4,006,837)	(4,100,997)	(4,197,371)	(4,296,009)	(4,396,965)	(4,500,294)
All Other Impacts	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)
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EXHIBIT 4
DATE 4/18/01
HB 124

2.3%

Counties (includes road fund)
HB20 and SB417 Are Out - 2.3% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
District Court Expenditure	13,109,812	13,499,173	13,900,099	14,312,932	14,738,026	15,175,745	15,626,465	16,090,571	16,568,461	17,060,544
Welfare Expenditure	15,239,986	15,617,938	16,005,263	16,402,193	16,808,968	17,225,830	17,653,030	18,090,826	18,539,478	18,999,257
Total Current Law Expenditure	28,349,798	29,117,111	29,905,361	30,715,125	31,546,993	32,401,575	33,279,495	34,181,396	35,107,939	36,059,801
Revenue Net Expenditures	(26,487,147)	(26,641,575)	(26,591,178)	(26,538,461)	(26,483,460)	(26,426,217)	(26,366,783)	(26,305,216)	(26,241,584)	(26,175,964)
HB124 Entitlement	27,549,172	28,375,647	29,226,917	30,103,724	30,796,110	31,504,420	32,229,022	32,970,290	33,728,606	34,504,364
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Difference	1,062,025	1,734,072	2,635,738	3,565,263	4,312,650	5,078,203	5,862,239	6,665,073	7,487,022	8,328,400

3.0%

Counties (includes road fund)
HB20 and SB417 Are Out - 3.0% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
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Total Current Law Expenditure	28,349,798	29,117,111	29,905,361	30,715,125	31,546,993	32,401,575	33,279,495	34,181,396	35,107,939	36,059,801
Revenue Net Expenditures	(26,487,147)	(26,641,575)	(26,591,178)	(26,538,461)	(26,483,460)	(26,426,217)	(26,366,783)	(26,305,216)	(26,241,584)	(26,175,964)
HB124 Entitlement	27,549,172	28,375,647	29,226,917	30,103,724	31,006,836	31,937,041	32,895,152	33,882,007	34,898,467	35,945,421
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Difference	1,062,025	1,734,072	2,635,738	3,565,263	4,523,376	5,510,824	6,528,369	7,576,791	8,656,883	9,769,457

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EXHIBIT 5
DATE 4/18/01
HB 124

Amendments to House Bill No. 124
Reference Copy as Amended

Requested by Senator Bob Keenan

For the House Free Conference Committee

Prepared by Lee Heiman
April 18, 2001 (10:59AM)

1. Page 87, line 6.
Strike: "plus one-half of the average rate of inflation for the prior 3 years"

2. Page 87, line 9.
Strike: "plus"
Insert: "or"

- END -

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
FREE CONFERENCE COMMITTEE ON HOUSE BILL 124

Call to Order: By **CHAIRMAN ROYAL JOHNSON**, on April 18, 2001 at 5:00 P.M., in Room 455 Capitol.

ROLL CALL

Members Present:
Sen. Royal Johnson, Chairman (R)
Rep. Bob Story, Chairman (R)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Linda Keim, Legislative Secretary
Lee Heiman, Legislative Attorney

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted:
Executive Action: HB 124

CHAIRMAN JOHNSON called the meeting to order and asked **Judy Paynter, Department of Revenue**, for the latest calculations. **Judy Paynter** handed out notebooks **EXHIBIT(1)** entitled "HB 124, Cities @ 3%, Counties @ 2.3%" and referred to the Summary Sheets. The first page is a comparison called "Bottom Line Cost When Isolating Consolidated Governments". It shows the costs with different growth rates. The one we discussed this afternoon was Cities 3%, Consolidated Governments 2.3%, Counties 2.3% and that cost is $20,781,606. If you move Consolidated Governments up to 2.65%, which is halfway in-between, and the reason for that is before you take away district courts and HB 20 expenditures they have a $62 million revenue base and the cites have $56 million, and it is about a 50/50 mix of revenue. At 2.65% you would spend $21,372,425. At 2/3 - 1/3 it is 2.75%, or $21,543,520 and if you put them totally at 3%, it is $21,975,772. The issue will be

under the "Consolidated" tab where you have two tabs: Anaconda and Butte. **Brad Simshaw** explained there are four charts and they show the expenditures at 2.3%, 3.0%, 2.65% and 2.75%. The first is: "Anaconda/Deer Lodge Consolidated Government HB 20 and SB 417 Are Out, 2.3% ALL YEARS". He said that for fiscal year 2002 at 2.3%, the entitlement growth is $10,754 and is in the red in year 2011 by $6,207. At 3% in 2011, they are in the black at $51,471. If you go halfway between, at 2.65%, the difference is $22,190. Going 2/3 of the difference, at 2.75%, the difference is $30,464. For Anaconda at 2.3% they were in the red and continued to stay that way. But as soon as we go to 2.65% and above, they are in the black. The same scenario happens with Butte/Silver Bow. The charts for Butte/Silver Bow indicate they would be in the red at 2.3% and continued to stay that way thru fiscal year 2011 showing a negative $74,236. At 2.65%, they are in the black at $12,761 in 2011, and at 3% in 2011 they are in the black at $102,469.

CHAIRMAN JOHNSON asked what the total cost is if both are put at 2.65%, which takes them out of the red. **Judy Paynter** referred back to the Summary Sheet in the front of the notebook which indicated it would be $590,819 more. **CHAIRMAN JOHNSON** asked Gordon Morris for some input.

Gordon Morris, Director Montana Association of Counties said he had talked to his executive committee and they were comfortable in going forward with the recommendation of 2.3% adjusted to 2.65% for consolidated governments.

Alec Hansen, League of Cities and Towns said he talked to the cities and towns that have representatives on the executive board and the 3% is okay. He said we need to deal fairly with consolidated governments for political and other reasons, and when they reach a decision on consolidated governments, the League of Cities and Towns is behind this bill, as it was from the beginning.

Ron Ellis, Chief Administrative Officer for Lewis and Clark County said they also support this bill.

Jani McCall, City of Billings said they support this version of the bill.

Linda Stall, Toole County said they support the bill.

Joe Mazurek, City of Great Falls said they support the bill.

Charles Brooks, Yellowstone County said the Yellowstone County Commissioners are on board.

CHAIRMAN JOHNSON said **Director Swysgood** told the committee earlier that if the amounts were close he would not argue with it. He said he asked if $21 million would bother him and **Director Swysgood** said it would not. **CHAIRMAN JOHNSON** said this is 21,372,000 and he hopes that amount doesn't bother him any more than the $21 million. **REP. MANGAN** said he just asked **Amy Carlson, Budget Office** to talk to **Director Swysgood** and find out which of the options he preferred. **REP. MANGAN** said it will probably be the 2.65%, because it is the lowest. She will have his report back in a few minutes. When they talked after the last meeting, **REP. MANGAN** said he told **Director Swysgood** that the range would be from $20,781,000 to $22,300,000 and he seemed to be okay within that range, so any of these options would be okay.

CHAIRMAN JOHNSON said he would like to have a motion for one of these options, take a vote on it and see where we are at. We have to remember that if whatever we recommend fails on the Senate floor, we must have this bill. We have **SEN. ELLIOTT'S** amendments prepared if that happens. He said he is ready for a vote, and that he had **SEN. KEENAN'S** proxy, because he is at the HB 2 meeting.

Brad Simshaw pointed out that there is a negative amount on the 2.65% for Butte/Silver Bow in fiscal year 2003. **Judy Paynter** explained it is just a question of when the credits are going to be given to the gaming machine owners. Those are being slowed down, so gaming machine revenue will spread out. It only grows about 2% the first year, then it grew about 7% the next year because they assumed there would be a lot of credits against the machines in 2002. It is just a balance between the two years of when the credits are given.

CHAIRMAN JOHNSON asked **Director Swysgood** for his input and explained the charts he had been handed. He said those include the fact that we have taken care of the consolidated governments except for one year when they have $3,000 negative in 2003, but based on the positive $46,000 in 2002 (under the Butte tab) they could save that $3,000 out of their first year's contributions.

Chuck Swysgood, Director Office of Budget and Program Planning apologized for not being there earlier; he had been in another meeting. He said the way he understood it is if this bill comes out of committee with the cities at a 3% growth factor across the board, the counties at a 2.3% growth factor across the board, and the two consolidated governments at a 2.65% across the board, that the cost increases about $1 million. **CHAIRMAN JOHNSON** said no, it is $590,000. **Director Swysgood** said if that is the way the bill comes out of committee, with everything else like the .76% growth for schools, he will recommend to the Governor that

she sign it if the bill gets through the process. **CHAIRMAN JOHNSON** said they appreciate that, and the committee had not voted on that item yet, but they do need more than just the Governor's concurrence. They need real help if they want to get this bill in its present form so the Governor will ever see it. They would appreciate whatever help he could give along those lines. **Director Swysgood** said that if there are some Senators that want to talk to him about this, he would be glad to talk to them and give them his position on this structure.

REP. MANGAN moved the 2.65% growth rate amendment for consolidated governments. **CHAIRMAN JOHNSON** said maybe we should not take the first option, so that we do the whole thing at once. **REP. MANGAN** withdrew his motion.

REP. MANGAN moved to adopt the cities at 3%, the consolidated governments at 2.65% and the counties at 2.3%. **SEN. STONINGTON** said this is in law as a percentage of the growth rate of the state, and asked **Judy Paynter** to indicate how much that works out to be. **Judy Paynter** said it is 70% for cities, 54% for counties, and 62% for consolidated governments. **SEN. STONINGTON** said the motion should be stated that way. **CHAIRMAN JOHNSON** asked that the motion be changed to read that way.

REP. MANGAN moved to adopt the cities at 70%, the consolidated governments at 62%, and the counties at 54%. Motion passed unanimously 6-0.

CHAIRMAN JOHNSON said the committee will sign that off to put it on the floor. He asked if other amendments were needed. **Lee Heiman, Legislative Attorney** said the amendments have been adopted as we went along.

SEN. STONINGTON asked **Lee Heiman** how this will be presented on the floor. **Lee Heiman** said it would be just like any other conference committee, you will get a copy of the amendments. **SEN. STONINGTON** asked that a bulleted version be made of the amendments as they are now for distribution on the floor so people can see what is in the bill. **CHAIRMAN JOHNSON** asked **Judy Paynter** to do that and also make a copy of the chart that was adopted concerning cities, the second item down on the first page, so they would be ready for distribution to the Senate. **Judy Paynter** said they would be ready.

REP. STORY asked **Amy Carlson** how soon she could have a fiscal note ready. Do they need one to proceed on the floor, or will people be happy with the current one? **Amy Carlson** said they did a fiscal note for House and Senate Tax, and she doesn't think

there are any big changes. There would be changes in HB 20 and SB 417 and several changes in the entitlement numbers. **REP. STORY** said this would be on the floor tomorrow afternoon. **Amy Carlson** said she would have the fiscal note ready.

SEN. STONINGTON suggested the committee have a short discussion about what people want to see in the information that is presented on the floor. She said they like to see how it affects their city or county; and asked if it would be worthwhile making copies of the notebooks for everyone, or if they could just have them ready for reference and people could ask questions about their community. **Judy Paynter** said they would make 44 more books like the ones that were distributed and put the bulleted information in the front.

SEN. STONINGTON said she did not understand the Great Falls chart and would like an explanation. She asked **Judy Paynter** to meet with her afterwards. **Joe Mazurek, City of Great Falls** said he met with **Judy Paynter** following the afternoon session and has spoken with the Cascade County Commissioners, he would be glad to meet with **SEN. STONINGTON. CHAIRMAN JOHNSON** asked him to give the information to the entire committee. **Joe Mazurek** said the Cascade County numbers appeared to be going negative, but it turned out they really are not. They have higher expenditures than they have revenues that they are committing, which is the opposite of nearly every other county. Because they get to keep those mills, they have entitlement share that will only grow based on population growth. It appeared to be negative, but is actually positive. The Cascade Commissioner still supports the bill, they understand the situation, and we don't need to make a change. The City of Great Falls is okay, the only problem was with the county. The negative numbers for the City of Great Falls were because district court and welfare both had high expenses. He said that because they have dams, they had very little reimbursement in 184.

SEN. STONINGTON moved HB 124 as amended. The motion passed unanimously 6-0.

CHAIRMAN JOHNSON announced that the motion passed and thanked everyone for their attention, their time, and all the work that had gone into this.

REP. STORY said he would also like to thank everyone for their work and he especially thanked the Department of Revenue. He said the issue now is to get the votes.

ADJOURNMENT

Adjournment: 5:40 P.M.

SEN. ROYAL JOHNSON, Chairman

Linda Keim

Linda Keim, Secretary

BS/RJ/

2.3%

Counties (Includes road fund)
HB20 and SB417 Are Out - 2.3% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
District Court Expenditure	13,109,812	13,499,173	13,900,099	14,312,932	14,738,026	15,175,745	15,626,465	16,090,571	16,568,461	17,060,544
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Total Current Law Expenditure	28,349,798	29,117,111	29,905,361	30,715,125	31,546,993	32,401,575	33,279,495	34,181,396	35,107,939	36,059,801
Revenue Net Expenditures	(26,487,147)	(26,641,575)	(26,591,178)	(26,538,461)	(26,483,460)	(26,426,217)	(26,366,783)	(26,305,216)	(26,241,584)	(26,175,964)
HB124 Entitlement	27,549,172	28,375,647	29,226,917	30,103,724	30,796,110	31,504,420	32,229,022	32,970,290	33,728,606	34,504,364
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Difference	1,062,025	1,734,072	2,635,738	3,565,263	4,312,650	5,078,203	5,862,239	6,665,073	7,487,022	8,328,400

3.0%

Counties (Includes road fund)
HB20 and SB417 Are Out - 3.0% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)	(16,639,779)
Motor Vehicles - All Other	(28,191,592)	(28,614,465)	(29,043,682)	(29,479,338)	(29,921,528)	(30,370,351)	(30,825,906)	(31,288,294)	(31,757,619)	(32,233,983)
Gaming Revenue	(6,593,134)	(7,081,026)	(7,378,429)	(7,688,323)	(8,011,233)	(8,347,705)	(8,698,308)	(9,063,637)	(9,444,310)	(9,840,971)
Financial Institutions Tax	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)	(1,562,900)
Alcohol-Related Taxes	(467,039)	(478,015)	(489,248)	(500,746)	(512,513)	(524,557)	(536,884)	(549,501)	(562,414)	(575,631)
All Other Impacts	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)	(1,382,501)
Total Current Law Revenue	(54,836,945)	(55,758,686)	(56,496,540)	(57,253,586)	(58,030,453)	(58,827,792)	(59,646,278)	(60,486,612)	(61,349,523)	(62,235,765)
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Difference	1,062,025	1,734,072	2,635,738	3,565,263	4,523,376	5,510,824	6,528,369	7,576,791	8,656,883	9,769,457

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2.3%

Cities
HB20 and SB417 Are Out - 2.3% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)
Motor Vehicles - District Courts	-	-	-	-						
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(11,533,636)	(11,706,640)	(11,882,240)	(12,060,474)	(12,241,381)	(12,425,001)	(12,611,376)	(12,800,547)
Gaming Revenue	(21,740,060)	(23,348,824)	(24,329,475)	(25,351,313)	(26,416,068)	(27,525,543)	(28,681,615)	(29,886,243)	(31,141,465)	(32,449,407)
Financial Institutions Tax	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)
Alcohol-Related Taxes	(3,651,323)	(3,737,129)	(3,824,952)	(3,914,838)	(4,006,837)	(4,100,997)	(4,197,371)	(4,296,009)	(4,396,965)	(4,500,294)
All Other Impacts	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)
Total Current Law Revenue	(42,871,950)	(44,734,449)	(45,973,370)	(47,254,099)	(48,590,452)	(49,972,322)	(51,406,675)	(52,892,562)	(54,435,115)	(56,035,556)
HB124 Entitlement	43,462,283	44,766,151	46,109,136	47,492,410	48,584,736	49,702,184	50,845,335	52,014,777	53,211,117	54,434,973
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Difference	590,333	31,702	135,766	234,311	(5,717)	(270,137)	(560,340)	(877,784)	(1,223,998)	(1,600,583)

3.0%

Cities
HB20 and SB417 Are Out - 3.0% Growth in the Out Years

Revenue Impacts	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Personal Property Reimbursements	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)	(4,348,722)
Motor Vehicles - District Courts	-	-	-	-						
Motor Vehicles - All Other	(11,195,259)	(11,363,188)	(11,533,636)	(11,706,640)	(11,882,240)	(12,060,474)	(12,241,381)	(12,425,001)	(12,611,376)	(12,800,547)
Gaming Revenue	(21,740,060)	(23,348,824)	(24,329,475)	(25,351,313)	(26,416,068)	(27,525,543)	(28,681,615)	(29,886,243)	(31,141,465)	(32,449,407)
Financial Institutions Tax	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)	(1,680,400)
Alcohol-Related Taxes	(3,651,323)	(3,737,129)	(3,824,952)	(3,914,838)	(4,006,837)	(4,100,997)	(4,197,371)	(4,296,009)	(4,396,965)	(4,500,294)
All Other Impacts	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)	(256,186)
Total Current Law Revenue	(42,871,950)	(44,734,449)	(45,973,370)	(47,254,099)	(48,590,452)	(49,972,322)	(51,406,675)	(52,892,562)	(54,435,115)	(56,035,556)
HB124 Entitlement	43,462,283	44,766,151	46,109,136	47,492,410	48,917,182	50,384,698	51,896,239	53,453,126	55,056,720	56,708,421
(Entitlement Growth)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Difference	590,333	31,702	135,766	234,311	326,730	412,376	490,564	560,564	621,605	672,865

The following exhibit is more than the 10 (ten) page limit for scanning.

Exhibit 1

HB 124

The complete exhibit is located with the minutes at the

Montana Historical Society
Archives
225 North Roberts
Helena, MT 59620-1202
(406) 444-4775

FREE CONFERENCE COMMITTEE

on House Bill 124
Report No. 1. April 19, 2001

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Mr. Speaker and Mr. President:

We. your Free Conference Committee on **House Bill 124,** met April 18. 2001, and considered:

1. Senate Committee on taxation amendments to third reading copy, dated April 9, 2001; and

2. Senate Committee of the Whole amendments to second house, second reading copy, dated April 10, 2001.

For the House:

Representative Story, Vice-Chair

Representative Esp

Representative Mangan

Amendment Coordinator

Chief Clerk of the House

For the Senate:

Senator Johnson, Chair

Senator Keenan

Senator Stonington

We recommend that **House Bill 124** (reference copy – salmon) be amended as follows:

Adopted by Conference Committee
Reverts bill back to Sen. Tax Committee Version (brown) and

ADOPT

REJECT

AC HB 124-1

880920FC.hdc

FCCR #1 HB124 463

provides for 3% overall, deletes amendment of HB 20/417 reimbursements, provides school increases at 0.76%, amends 15-10-420 to include SB 501 provisions, sets district court funding back one year, deletes county court funding responsibility subsection, and makes DOR technical amendments.

1. Title, page 1, line 12.
Strike: "OFFSET PROPERTY TAX REDUCTIONS"
Insert: "REPLACE REIMBURSEMENTS AND TO ACCOUNT FOR REVENUE ALLOCATIONS; CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS"

2. Title, page 1, line 24.
Following: "~~EXPENSES;~~"
Insert: "PROVIDING FOR FUND TRANSFERS FROM THE GENERAL FUND TO STATE AGENCIES TO ACCOUNT FOR REVISED REVENUE ALLOCATIONS; INCLUDING STATE PAYMENTS IN LIEU OF TAXES FOR STATE LAND IN THE ENTITLEMENT SHARE CALCULATION; PROVIDING FOR CERTAIN UNIFORM VEHICLE FEES; RETAINING VEHICLE FEES, ALCOHOL TAXES, AND GAMBLING TAXES AT THE STATE LEVEL; REVISING THE FUNDING METHOD FOR PROVIDING PUBLIC ASSISTANCE; CONVERTING CERTAIN SPECIAL LEVIES INTO FEES; PROVIDING FOR BLOCK GRANTS FOR SCHOOL DISTRICTS; PROVIDING FOR BLOCK GRANTS TO COUNTIES FOR DISTRIBUTION TO SCHOOL DISTRICTS FOR PURPOSES OF COUNTYWIDE SCHOOL TRANSPORTATION AND COUNTYWIDE SCHOOL RETIREMENT; APPROPRIATING MONEY FOR SCHOOL DISTRICT BLOCK GRANTS, COUNTYWIDE SCHOOL TRANSPORTATION BLOCK GRANTS, COUNTYWIDE SCHOOL RETIREMENT BLOCK GRANTS, AND DISTRICT COURT EXPENSES;"

3. Title, page 1, line 25.
Following: "~~3-5-901,~~"
Insert: "3-2-714, 3-5-901,"

4. Title, page 1, line 26.
Strike: "7-6-2324,"

5. Title, page 1, line 27.
Following: "~~7-6-2523,~~"
Insert: "7-6-2523,"

6. Title, page 2, line 7.
Following: "~~10-2-603,~~"
Insert: "10-2-501, 10-2-603,"

7. Title, page 2, line 8.
Strike: "15-1-111, 15-1-112,"
Following: "~~15-1-501,~~"
Insert: "15-1-501,"

8. Title, page 2, line 10.
Following: "~~17-3-222,~~"
Insert: "15-16-117, 15-24-303, 15-24-902, 15-24-904, 15-24-921, 15-24-922, 15-24-925, 15-30-121, 15-31-114, 16-1-404, 16-1-406, 16-1-411,"

9. Title, page 2, line 10.
Following: "~~19-6-709,~~"
Insert: "19-6-709,"

10. Title, page 2, line 11.
Following: "~~20-9-141,~~"
Insert: "20-9-141,"

11. Title, page 2, line 12.
Following: "~~20-10-146,~~"
Insert: "20-9-331, 20-9-333, 20-9-501, 20-10-144, 20-10-146,"
Following: "~~20-25-1002,~~"
Insert: "20-25-1002,"

12. Title, page 2, line 14.
Following: "~~25-1-201,~~"
Insert: "23-2-508, 23-2-510, 23-2-512, 23-2-518, 23-2-611, 23-2-612, 23-2-615, 23-2-616, 23-2-803, 23-2-804, 23-2-811, 23-2-812, 23-2-814, 23-2-818, 23-5-610, 25-1-201,"

13. Title, page 2, line 15.
Following: "~~42-2-105,~~"
Insert: "40-4-215, 40-4-226, 41-3-1122, 42-2-105,"

14. Title, page 2, line 16.
Following: "~~53-3-116,~~"
Insert: "52-6-105, 53-2-207, 53-2-301, 53-2-304, 53-2-612, 53-3-115, 53-3-116,"

15. Title, page 2, line 19.
Following: "~~67-3-205,~~"
Insert: "61-1-102, 61-3-203, 61-3-321, 61-3-325, 61-3-332, 61-3-406, 61-3-411, 61-3-412, 61-3-426, 61-3-431, 61-3-457, 61-3-465, 61-3-509, 61-3-524, 61-3-527, 61-3-707, 61-3-738, 61-9-312, 61-10-130, 61-10-148, 61-10-225, 67-3-205,"

16. Title, page 2, line 20.
Following: "~~75-10-533,~~"
Insert: "72-16-909, 72-16-912, 75-10-533,"

Following: "~~76-13-201,~~"
Insert: "76-13-201,"

17. Title, page 2, line 25.
Following: "~~81-7-202,~~"
Insert: "77-1-502, 77-1-503, 77-1-504, 80-2-201, 80-2-203, 80-2-204, 80-2-205, 80-2-206, 80-2-207, 80-2-209, 80-2-221, 80-2-222, 80-2-224, 80-2-225, 80-2-226, 80-2-228, 80-2-229, 80-2-230, 80-2-231, 80-2-232, 80-2-244, 80-7-814, 80-7-815, 80-7-816, 80-7-822, 81-6-101, 81-6-104, 81-6-106, 81-6-204, 81-6-205, 81-6-209, 81-6-210, 81-7-104, 81-7-113, 81-7-114, 81-7-118, 81-7-201, 81-7-202,"

18. Title, page 2, line 27.
Following: "~~2001~~"
Insert: ", AND SECTION 5, CHAPTER 95, LAWS OF 2001"

19. Title, page 2, line 28.
Strike: "3-5-404," on line 28

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20. Title, page 2, line 30.
Strike: "AND"

21. Title, page 3, line 4.
Following: "~~87-1-604~~"
Insert: "15-31-701, 15-31-702, 17-3-214, 20-25-1007, 52-1-110, 53-2-302, 53-2-306, 53-2-322, 53-2-610, 53-2-801, 53-2-802, 53-2-803, 53-2-811, 53-2-812, 53-2-813, 53-4-246, 53-4-247, 61-3-508, 61-3-510, 61-3-511, 61-3-512, 76-1-405, 76-1-407, 77-1-505, 77-1-506, 77-1-507, 80-2-223, AND 80-7-810,"
Strike: ", AND SECTIONS 66(2) AND 68(2), CHAPTER 422, LAWS OF 1997"

22. Title, page 3, line 5.
Strike: "AN"
Following: "~~APPLICABILITY~~"
Insert: "DATES AND A RETROACTIVE APPLICABILITY"

23. Page 6, line 5 through line 7.
Strike: "THE" on line 5 through "1999." on line 7
Insert: "The department shall estimate the total amount of revenue that each local government received from the following sources for the fiscal year ending June 30, 2001:
(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;
(b) vehicle and boat taxes and fees pursuant to:
(i) Title 23, chapter 2, part 5;
(ii) Title 23, chapter 2, part 6;

(iii) Title 23, chapter 2, part 8;
(iv) 61-3-321;
(v) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001, and 61-3-537; and
(vi) Title 61, chapter 3, part 7;
(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
(d) district court fees pursuant to:
(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
(ii) 25-1-202;
(iii) 25-1-1103;
(iv) 25-9-506;
(v) 25-9-804; and
(vi) 27-9-103;
(e) certificate of ownership fees for manufactured homes pursuant to 15-1-116;
(f) financial institution taxes pursuant to Title 15, chapter 31, part 7;
(g) coal severance taxes allocated for county land planning pursuant to 15-35-108;
(h) all beer, liquor, and wine taxes pursuant to:
(i) 16-1-404;
(ii) 16-1-406; and
(iii) 16-1-411;
(i) late filing fees pursuant to 61-3-201;
(j) title and registration fees pursuant to 61-3-203;
(k) disabled veterans' flat license plate fees and purple heart license plate fees pursuant to 61-3-332;
(l) county personalized license plate fees pursuant to 61-3-406;
(m) special mobile equipment fees pursuant to 61-3-431;
(n) single movement permit fees pursuant to 61-4-310;
(o) state aeronautics fees pursuant to 67-3-101; and
(p) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(2) (a) From the amounts estimated in subsection (1) for each county government, the department shall deduct fiscal year 2001 county government expenditures for district courts, less reimbursements for district court expenses, and fiscal year 2001 county government expenditures for public welfare programs to be assumed by the state in fiscal year 2002.

(b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year component. The sum of all local governments' base year components is the base year entitlement share pool.

(3) (a) Beginning with fiscal year 2002 and in each succeeding fiscal year, the base year entitlement share pool must be increased annually by a growth rate as provided for in this subsection (3). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year. For fiscal years 2002 and 2003, the growth rate is 3%. Beginning with calendar year 2004, by October 1 of each even-numbered year, the department shall calculate the growth rate of

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the entitlement share pool for each year of the next biennium in the following manner:

(i) The department shall calculate the average annual growth rate of the Montana gross state product, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period referred to in subsection (3)(a)(i)(A).

(ii) The department shall calculate the average annual growth rate of Montana personal income, as published by the bureau of economic analysis of the United States department of commerce, for the following periods:

(A) the last 4 calendar years for which the information has been published; and

(B) the 4 calendar years beginning with the year before the first year in the period referred to in subsection (3)(a)(ii)(A).

(b) (i) For fiscal year 2004 and subsequent fiscal years, the entitlement share pool growth rate for the first year of the biennium must be the following percentage of the average of the growth rates calculated in subsections (3)(a)(i)(B) and (3)(a)(ii)(B):

(A) for counties, 54%;

(B) for consolidated local governments, 62%; and

(C) for incorporated cities and towns, 70%.

(ii) The entitlement share pool growth rate for the second year of the biennium must be the following percentage of the average of the growth rates calculated in subsections (3)(a)(i)(A) and (3)(a)(ii)(A):

(A) for counties, 54%;

(B) for consolidated local governments, 62%; and

(C) for incorporated cities and towns, 70%."

Renumber: subsequent subsections

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24. Page 6, lines 9 and 10.
Following: "~~and~~" on line 9
Insert: "and"
Strike: "<u>, A SCHOOL</u>" on line 9 through "<u>MILLS</u>" on line 10

25. Page 6, line 15.
Strike: "<u>THE TERM DOES NOT INCLUDE THE STATE.</u>"
Insert: "A local government does not include a tax increment financing district provided for in subsection (6). For purposes of calculating the base year component for a county or consolidated local government, the department shall include the revenue listed in subsection (1) for all special districts within the county or consolidated local government. The county or consolidated local government is responsible for making an allocation from the county's or consolidated local government's share of the entitlement share pool to each special district within the county or consolidated local government in a manner that reasonably

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reflects each special district's loss of revenue sources listed in subsection (1)."

26. Page 6, line 16.
Following: "~~(A)~~"
Insert: "(a)"
Strike: "local government entitlements"
Insert: "entitlement share pools"

27. Page 6, line 17.
Following: "~~(6)~~"
Insert: "and the block grants provided for in subsection (6)"

28. Page 6, line 18.
Following: "governments."
Insert: "Each local government is entitled to a pro rata share of each year's entitlement share pool based on the local government's base component in relation to the base year entitlement share pool."

29. Page 9, line 13.
Following: line 12
Insert: "(b) (i) For fiscal year 2002, the growth amount is the difference between the fiscal year 2002 entitlement share pool and the base year entitlement share pool. For fiscal year 2003 and each succeeding fiscal year, the growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties;

(B) consolidated local governments; and

(C) incorporated cities and towns.

(ii) In each fiscal year, the growth amount for counties must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each county's percentage of the base year entitlement share pool for all counties; and

(B) 50% of the growth amount must be allocated based upon the percentage that each county's population bears to the state population not residing within consolidated local governments as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each consolidated local government's percentage of the base year entitlement share pool for all consolidated local governments; and

(B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local government's

population bears to the state's total population residing within consolidated local governments as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each incorporated city's or town's percentage of the base year entitlement share pool for all incorporated cities and towns; and

(B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's population bears to the state's total population residing within incorporated cities and towns as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(v) In each fiscal year, the amount of the entitlement share pool not represented by the growth amount is distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(vi) For fiscal year 2002, an amount equal to the district court costs identified in subsection (2) must be added to each county government's distribution from the entitlement share pool.

(6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any block grant. If a tax increment financing district referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

(b) One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (6)(a), the entitlement share for tax increment financing districts is as follows:

Cascade	Great Falls - downtown	$500,033
Cascade	Great Falls - Pasta Montana	7,546
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	914,815
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	244,346
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - #2	781,870
Missoula	Missoula - 1-1B & 1-1C	1,238,878
Missoula	Missoula - 4-1C	38,566
Missoula	Airport - 20-3A	828
Silver Bow	Butte - uptown	340,197
Silver Bow	Ramsay	10,580
Yellowstone	Billings	610,977

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(c) The entitlement share for industrial tax increment financing districts is as follows:

(i) for fiscal years 2002 and 2003:

Missoula	County Airport Industrial	$4,812
Silver Bow	Ramsay Industrial	597,594;

(ii) for fiscal years 2004 and 2005:

Missoula	County Airport Industrial	$2,406

Silver Bow Ramsay Industrial 298,797; and

(iii) $0 for all succeeding fiscal years.

(d) The entitlement share for industrial tax increment financing districts referred to in subsection (6)(c) may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the tax increment financing industrial district.

(e) One-half of the payments provided for in subsection (6)(c) must be made by July 30, and the other half must be made in December of each year.

(7) The estimated base year entitlement share pool and any subsequent entitlement share pool for local governments do not include revenue received from countywide transportation block grants or from countywide retirement block grants.

(8) The estimates for the base year entitlement share pool in subsection (1) must be calculated as if the fees in Chapter 515, Laws of 1999, were in effect for all of fiscal year 2001.

(9) (a) If revenue that is included in the sources listed in subsections (1)(b) through (1)(p) is significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss from the entitlement share pool beginning in the succeeding fiscal year and the department shall work with local governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of revenue.

(b) For the purposes of subsection (9)(a), a significant reduction is a loss that causes the amount of revenue received in the current year to be less than 95% of the amount of revenue received in the base year.

(10) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated pursuant to subsections (1) through (3).

(11) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. When there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(12) A local government may appeal the department's estimation of the base year component, the entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according to the uniform dispute review procedure in 15-1-211."

30. Page 12, line 27.

Insert: "NEW SECTION. **Section 3. Fund transfers.** (1) There is transferred from the state general fund to the adoption services account, provided for in 42-2-105, $36,764 for fiscal year 2003. Beginning with fiscal year 2004, the amount of the transfer must be increased by 10% in each succeeding fiscal year.

(2) There is transferred from the state general fund to the department of transportation state special revenue nonrestricted account the following amounts:

(a) $2,873,853 in fiscal year 2002;

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(b) $2,916,961 in fiscal year 2003;
(c) $2,960,715 in fiscal year 2004; and
(d) in each succeeding fiscal year, the amount in subsection (2)(c), increased by 1.5% in each succeeding fiscal year.

(3) For fiscal year 2002 and for each succeeding fiscal year, there is transferred from the state general fund to the accounts, entities, or recipients indicated the following amounts:

(a) to the motor vehicle recycling and disposal program provided for in Title 75, chapter 10, part 5:

(i) $2 for each new application for a motor vehicle title and for each transfer of a motor vehicle title for which a fee is paid pursuant to 61-3-203; and

(ii) $1 for each passenger car or truck under 8,001 pounds GVW registered for licensing pursuant to Title 61, chapter 3, part 3. Fifteen cents of each dollar must be used for the purpose of reimbursing the hired removal of abandoned vehicles during the calendar year following the calendar year in which the fee was paid. Any portion of the 15 cents not used for abandoned vehicle removal reimbursement during the calendar year following its payment must be used as provided in 75-10-532;

(b) to the noxious weed state special revenue account provided for in 80-7-816:

(i) $1 for each off-highway vehicle subject to payment of the fee in lieu of tax, as provided for in 23-2-803; and

(ii) $1.50 for each light vehicle, truck or bus weighing less than 1 ton, logging truck, vehicles weighing more than 1 ton, motorcycle, quadricycle, and motor home subject to registration or reregistration pursuant to 61-3-321;

(c) to the department of fish, wildlife, and parks:

(i) $2.50 for each motorboat, sailboat, or personal watercraft receiving a certificate of number under 23-2-512, with 20% of the amount received to be used to acquire and maintain pumpout equipment and other boat facilities;

(ii) $5 for each snowmobile registered under 23-2-616, with $2.50 to be used for enforcing the purposes of 23-2-601 through 23-2-644 and $2.50 designated for use in the development, maintenance, and operation of snowmobile facilities;

(iii) $1 for each duplicate snowmobile decal issued under 23-2-617;

(iv) $5 for each off-highway vehicle decal issued under 23-2-804 and each off-highway vehicle duplicate decal issued under 23-2-809, with 40% of the money used to enforce the provisions of 23-2-804 and 60% of the money used to develop and implement a comprehensive program and to plan appropriate off-highway vehicle recreational use;

(v) to the state special revenue fund established in 23-1-105, $3.50 for each recreational vehicle, camper, motor home, and travel trailer registered or reregistered and subject to the fee in 61-3-321 or 61-3-524; and

(vi) an amount equal to 20% of the funds collected pursuant to 23-2-518 to be deposited in the motorboat account to be used as provided in 23-2-533;

(d) to the state veterans' cemetery account, provided for in 10-2-603, $10 for each veteran's license plate issued pursuant

to 61-3-332(10)(a)(ii), (10)(f), and (10)(h); and

(e) to the supplemental benefits for highway patrol officers' retirement account provided for in 19-6-709, 25 cents for each motor vehicle registered, other than trailers or semitrailers registered in other jurisdictions and registered through a proportional registration agreement.

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[(f) 25 cents a year for each vehicle subject to the fee in 61-3-321(6) for deposit in the state special revenue fund to the credit of the senior citizens and persons with disabilities transportation services account provided for in [section 1 of Senate Bill No. 447].]

4) For fiscal year 2002, there is transferred from the state general fund to the state special revenue fund to be used for purposes of state funding of district court expenses, as provided in 3-5-901, $5,742,983 in lieu of the amount deposited by the state treasurer under 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001.

(5) For each fiscal year, beginning with fiscal year 2002, the department of justice shall provide to the department of revenue a count of the vehicles required for the calculations in subsection (3). Transfer amounts for fiscal year 2002 must be based on vehicle counts for calendar year 2000. Transfer amounts in each succeeding fiscal year must be based on vehicle counts in the most recent calendar year for which vehicle information is available.

(6) The amounts transferred from the general fund to the designated recipient must be appropriated as state special revenue in the general appropriations act for the designated purposes."

Renumber: subsequent sections

31. Page 15, line 16.

Insert: "Section 6. Section 3-2-714, MCA, is amended to read:

"3-2-714. Civil legal assistance for indigent victims of domestic violence account. (1) There is a civil legal assistance for indigent victims of domestic violence account in the state special revenue fund. ~~There must be paid into this account the filing fees paid under 25-1-201(4)(a) and (11).~~ There must be paid into this account the filing fees paid under 25-1-201(3) and (5). The money in the account must be used solely for the purpose of providing legal representation for indigent victims in civil matters in domestic violence cases and for alternative dispute resolution initiatives in family law cases. Money in the account may not be used for class action lawsuits.

(2) The supreme court administrator shall establish procedures for the distribution and accountability of money in the account. The supreme court administrator may designate nonprofit organizations that ordinarily render or finance legal services to indigent persons in civil matters in domestic violence cases to receive or administer the distribution of the funds.""

Renumber: subsequent sections

32. Page 17, line 1.

Insert: "Section 7. Section 3-5-901, MCA, is amended to read:

"3-5-901. State assumption of certain district court expenses -- designation as district court reimbursement program. (1) To the extent that revenue is available under ~~61-3-509~~ 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001, the state shall fund:

(a) the following district court expenses in criminal cases only:

(i) salaries of court reporters;

(ii) fees for transcripts of proceedings;

(iii) witness fees and necessary expenses;

(iv) juror fees;

(v) expenses for indigent defense; and

(vi) expenses for psychiatric examinations;

(b) the district court expenses, as listed in subsection (1)(a), in all postconviction proceedings held pursuant to Title 46, chapter 21, and in all habeas corpus proceedings held pursuant to Title 46, chapter 22, and appeals from those proceedings;

(c) the following expenses incurred by the state in federal habeas corpus cases that challenge the validity of a conviction or of a sentence:

(i) transcript fees;

(ii) witness fees; and

(iii) expenses for psychiatric examinations; and

(d) the following expenses incurred by the state in a proceeding held pursuant to Title 41, chapter 3, part 4 or 6, that seeks temporary investigative authority of a youth, temporary legal custody of a youth, or termination of the parent-child legal relationship and permanent custody:

(i) transcript fees;

(ii) witness fees;

(iii) expenses for medical and psychological evaluation of a youth or the youth's parent, guardian, or other person having physical or legal custody of the youth except for expenses for services that a person is eligible to receive under a public program that provides medical or psychological evaluation;

(iv) expenses associated with appointment of a guardian ad litem or child advocate for the youth;

(v) expenses for appointed counsel for the youth;

(vi) expenses for appointed counsel for the parent, guardian, or other person having physical or legal custody of the youth; and

(vii) expenses associated with court-ordered alternative dispute resolution.

(2) If revenue received under ~~61-3-509~~ 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001, for district court expenses exceeds the amount appropriated by the legislature to fund the expenses of the appellate defender program, the excess amount is statutorily appropriated, as provided in 17-7-502, to the supreme court to fund the expenses described in subsections (1)(a) through (1)(d), the district court grant program as described in subsection (4)(a), and the costs of administering this section.

(3) All revenue disbursed under this section must be deposited in and credited to the district court fund. If a

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district court fund does not exist, the revenue must be deposited in the county general fund for district court operations.

(4) If money appropriated for the expenses listed in subsection (1):

~~(a)~~ exceeds the amount necessary to fully fund those expenses, the remaining excess amounts must be used for district court grants as provided in 7-6-2352~~; or~~

~~(b) is insufficient to fully fund those expenses, the county is responsible for payment of the balance~~."""

Renumber: subsequent sections

33. Page 24, line 2 through line 12.
Strike: section 17 in its entirety
Renumber: subsequent sections

34. Page 28, line 25.
Insert: "**Section 27.** Section 7-6-2523, MCA, is amended to read:

"**7-6-2523. Special service levies replaced by all-purpose mill levy.** A county using the all-purpose mill levy may not impose any of the following levies:

(1) general fund levy, as provided in 7-6-2501;
(2) bridge levy, as provided in 7-14-2502;
(3) recreation levy, as provided in 7-16-101;
(4) county fair levy, as provided in 7-21-3410;
(5) weed levy, as provided in 7-22-2142;
(6) insect pest levy, as provided in 7-22-2306;
~~(7) poor fund levy, as provided in 53-2-322;~~ or
~~(8)~~(7) developmental disabilities facility levy, as provided in 53-20-208."""

Renumber: subsequent sections

35. Page 74, line 13.
Insert: "**Section 89.** Section 10-2-501, MCA, is amended to read:

"**10-2-501. Interment allowance for veterans -- payment by county of residence -- veterans' interment supervisor -- definitions.** (1) The board of commissioners of each county in this state shall designate a person in the county, preferably a veteran, as veterans' interment supervisor.

(2) The veterans' interment supervisor shall cause to be decently interred the body or cremated remains of any veteran who was a resident of the state of Montana at the time of death. In performing this duty, the veterans' interment supervisor shall ensure that the desires of the veteran's personal representative or heirs are not violated. The veterans' interment supervisor may not receive any compensation for duties performed in compliance with this part.

(3) The interment may not be made in a burial ground or cemetery or in a portion of a burial ground or cemetery used exclusively for the interment of pauper dead.

(4) A sum not to exceed $250 to defer interment expenses must be paid by the veteran's county of residence.

(5) The interment benefits are not available in the case of a veteran whose personal representative or heirs waive the

benefits.

(6) Whenever interment is of a resident of a Montana veterans' home, a sum not to exceed $250 to defer interment expenses must be paid by the veteran's county of residence.

(7) If a veteran dies while temporarily absent from the state or county of residence, the provisions of this section apply and the interment expenses not exceeding the amount specified in this section must be paid in the same manner as provided in this section.

(8) When a veteran dies at an institution of the state of Montana, other than a Montana veterans' home, at a federal institution, or at a private facility and interment for any cause is not made in the veteran's county of residence, the officers of the institution or facility shall provide the proper interment prescribed in this section. The reimbursement for the expense of each interment may not exceed $250. The expense must be paid by the veteran's county of residence.

(9) An interment may not be covered by any special or standing contract under which the cost of interment is reduced below the maximum amount fixed in this section, to the disparagement of proper interment.

(10) The veterans' interment supervisor shall, upon request of the deceased veteran's personal representative or heirs, assist in applying to the proper authority for a suitable headstone, as provided by act of congress, and in placing the headstone on the veteran's grave. The reimbursement costs for the shipping and raising of the headstone may not exceed an amount equal to the actual cost paid, up to $70, and must be paid by the veteran's county of residence at the time of death. The expense must be audited and paid as provided in this section for interment expenses.

~~(11) After payment of the first $30 from county funds, the county treasurer may withhold an amount of the county total monthly remittance to the state treasurer equal to the actual cost paid, up to $40, for the shipping and raising of each headstone.~~

~~(12)~~(11) As used in this part, the following definitions apply:

(a) "Interment" has the meaning provided in 37-19-101.

(b) "Residence" is determined as provided in 13-1-112. If the intent of the veteran regarding residence cannot be determined under 13-1-112, the costs of interment must be paid by the veteran's county of residence at the time of admittance into a Montana veterans' home, a state or federal institution, or a private facility.""

Renumber: subsequent sections

36. Page 74, line 23.

Insert: "Section 90. Section 10-2-603, MCA, is amended to read:

"10-2-603. Special revenue account -- use of funds -- solicitation. (1) There is an account in the special revenue fund to the credit of the department of military affairs for the state veterans' cemeteries.

(2) Plot allowances~~,~~ and donations~~, and, as provided in 61-3-332, revenue from veterans' license plate sales~~ must be

deposited into the account.

(3) As appropriated by the legislature, money in the account may be used only for the construction, maintenance, operation, and administration of the state veterans' cemeteries.

(4) The department of military affairs may solicit veterans' license plate sales and donations on behalf of the state veterans' cemeteries.""

Renumber: subsequent sections

37. Page 75, line 2 through page 81, line 12.
Strike: sections 87 and 88 in their entirety
Renumber: subsequent sections

38. Page 84, line 30.
Insert: "Section 93. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund in accordance with the provisions of subsection (3) all money received from the collection of:

(a) income taxes, interest, and penalties collected under chapter 30;

(b) ~~except as provided in 15-31-702,~~ all taxes, interest, and penalties collected under chapter 31;

(c) oil and natural gas production taxes allocated under 15-36-324~~(8)(a)~~ (9)(a) and ~~(10)(a)~~ (11)(a);

(d) electrical energy producer's license taxes under chapter 51;

(e) ~~[an amount equal to 25% of]~~ the retail telecommunications excise tax collected under Title 15, chapter 53, part 1;

(f) liquor license taxes under Title 16;

(g) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(h) estate taxes under Title 72, chapter 16; and

(i) fees based on the value of currency on deposit and tangible personal property held for safekeeping by a foreign capital depository as provided in 15-31-803.

(2) The department shall also deposit to the credit of the state general fund all money received from the collection of license taxes and fees and all net revenue and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(3) Notwithstanding any other provision of law, the distribution of tax revenue must be made according to the provisions of the law governing allocation of the tax that were in effect for the period in which the tax revenue was recorded for accounting purposes. Tax revenue must be recorded as prescribed by the department of administration, pursuant to 17-1-102(2) and (4), in accordance with generally accepted accounting principles.

(4) All refunds of taxes must be attributed to the funds in which the taxes are currently being recorded. All refunds of interest and penalties must be attributed to the funds in which

the interest and penalties are currently being recorded.""
Renumber: subsequent sections

39. Page 88, line 11.
Following: the third "property"
Insert: "or as nonagricultural land as described in 15-6-133(1)(c)"

40. Page 88.
Following: line 11
Insert: "(c) For the purposes of this section, newly taxable property does not include an increase in appraised value of land that was previously valued at 75% of the value of improvements on the land, as provided in 15-7-111(4) and (5), as those subsections applied on December 31, 2001."

41. Page 88.
Following: line 23
Insert: "(7) In determining the maximum number of mills in subsection (1), the governmental entity may increase the number of mills to account for a decrease in reimbursements."
Renumber: subsequent subsections

42. Page 89, line 3.
Strike: "(8)(a)"
Insert: "(9)(a)"

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43. Page 89, line 22.
Insert: **"Section 95.** Section 15-16-117, MCA, is amended to read:
"15-16-117. Personal property -- treasurer's duty to collect certain taxes. (1) The county treasurer shall demand payment of ~~poor fund taxes, authorized by 53-2-322, and~~ road taxes, authorized by 7-14-2206 or 7-14-2501 through 7-14-2504, from each person liable for the taxes whose name does not appear on the property tax record. On the neglect or refusal of a person to pay the taxes, the treasurer shall collect the taxes by seizure and sale of any property owned by the person.
(2) Subject to 15-10-420, these taxes must be added in the property tax record to other property taxes of persons paying taxes upon real and personal property and must be paid to the county treasurer at the time of payment of other taxes.
(3) The procedure for the sale of property by the county treasurer for the taxes is regulated by 15-16-119 and 15-17-911.
(4) The provisions of this section do not apply to property for which delinquent property taxes have been suspended or canceled under the provisions of Title 15, chapter 24, part 17.""
Renumber: subsequent sections

44. Page 90, line 8.

Insert: "Section 96. Section 15-24-303, MCA, is amended to read:

"15-24-303. (Temporary) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock ~~assessed~~ for which a fee is imposed under 15-24-902(2).

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613.

15-24-303. (Effective January 1, 2003) Proration of tax on personal property -- refund. (1) The tax on personal property brought, driven, coming into, or otherwise located in the state on or after the assessment date must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part 5, or to livestock subject to the per capita ~~levy~~ fee under 15-24-921.

(2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613.""

Renumber: subsequent sections

45. Page 90, line 26.

Insert: "Section 97. Section 15-24-902, MCA, is amended to read:

"15-24-902. (Temporary) ~~Assessment~~ Number of livestock ~~-- election for assessment on average inventory basis~~. (1) Except as provided in subsection (2), the department of revenue shall ~~assess~~ determine the number of all nonexempt livestock in each county where they are located on February 1 of each year. The livestock must be ~~assessed~~ assigned to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.

(2) An owner of livestock may elect to have a fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis as provided in 15-24-927. The owner shall file an election with the department on the statement required under 15-24-903. An owner of livestock making an election to have a fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis is bound by that election for 6 years. After 6 years, the election to have a fee imposed on nonexempt livestock ~~assessed~~ on the average inventory basis remains in effect unless the owner otherwise notifies the department before February 1.

15-24-902. (Effective January 1, 2003) ~~Assessment~~ Number of livestock. The department shall ~~assess~~ determine the number of livestock for the purposes of the per capita ~~levy~~ fee imposed under 15-24-921 in each county where they are located on February 1 of each year. The livestock must be ~~assessed~~ assigned to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.""

Renumber: subsequent sections

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46. Page 91, line 7.
Insert: "Section 98. Section 15-24-904, MCA, is amended to read:
"15-24-904. (Temporary) Penalty for violation of law. If any person, company, or corporation who is the owner or is in charge of any livestock within this state fails to make the statement or statements as provided in 15-24-903, the department shall, after 10 days' notice to the person who failed to file the report, assess the penalty provided in 15-8-309.
15-24-904. (Effective January 1, 2003) Penalty for violation of law. If a person, company, or corporation who is the owner or is in charge of livestock within this state fails to make the statement or statements as provided in 15-24-903, the department shall, after 10 days' notice to the person who failed to file the report, access the penalty provided in 15-8-309 ~~ten the~~ on the per capita ~~levy~~ fee, as provided in 15-24-921.""
Renumber: subsequent sections

47. Page 91, line 17.
Insert: "Section 99. Section 15-24-921, MCA, is amended to read:
"15-24-921. Per capita ~~tax levy~~ fee to pay expenses of enforcing livestock laws. (1) In addition to appropriations made for those purposes, a per capita ~~tax~~ fee is authorized and directed to be ~~levied~~ imposed by the department on all poultry and bees, all swine 3 months of age or older, and all other livestock 9 months of age or older in each county of this state for the purpose of aiding in the payment of the salaries and all expenses connected with the enforcement of the livestock laws of the state and for the payment of bounties on wild animals as provided in 81-7-104.
(2) As used in this section, "livestock" means cattle, sheep, swine, poultry, bees, goats, horses, mules, asses, llamas, alpacas, domestic bison, ostriches, rheas, and emus, and domestic ungulates.""
Renumber: subsequent sections

48. Page 92, line 24.
Insert: "Section 100. Section 15-24-922, MCA, is amended to read:
"15-24-922. (Temporary) Board of livestock to prescribe per capita ~~levy~~ fee -- refunds -- per capita ~~levy~~ fee on average inventory. (1) The board of livestock shall annually prescribe the amount of the per capita ~~levy~~ fee to be made against livestock of all classes for the purpose indicated in 15-24-921.
(2) The per capita ~~tax levy~~ fee must be calculated each year to provide not more than 110% of the average annual revenue that was generated in the 3 previous years. The calculation must apply a reasonable factor for nonpayment and late payment of ~~taxes~~ fees and for reimbursement to the ~~counties~~ department pursuant to 15-24-925 for collection of the ~~levy~~ fee.
(3) (a) A livestock owner taxed under 15-24-920 is entitled to a refund of the per capita ~~levy~~ fee collected under 15-24-921 based on the number of months the livestock have taxable situs in the state. The amount of the refund is equal to the ratio of the

number of months that the livestock do not have taxable situs in the state to the number of months in the tax year, multiplied by the original per capita ~~levy~~ fee due. A taxpayer shall apply to the board of livestock on a form prescribed by the board for a refund allowed under this subsection by January 31 following the ~~taxable~~ tax year. The application must include a statement showing the date when the livestock were moved out of the state.

(b) Except as provided in subsection (3)(c), for the purposes of 15-24-921 and this section, the per capita ~~levy~~ fee may not be prorated.

(c) A taxpayer whose livestock are taxed on the average inventory basis for property tax purposes must also be ~~taxed~~ subject to the fee on an average inventory basis for the purposes of 15-24-921 and this section. All other livestock subject to the per capita ~~tax levy~~ fee must be reported on February 1 of each year.

15-24-922. (Effective January 1, 2003) Board of livestock to prescribe per capita ~~levy~~ fee -- refunds. (1) The board of livestock shall annually prescribe the amount of the per capita ~~levy~~ fee to be made against livestock of all classes for the purpose indicated in 15-24-921.

(2) The per capita ~~tax levy~~ fee must be calculated each year to provide not more than 110% of the average annual revenue that was generated in the 3 previous years. The calculation must apply a reasonable factor for nonpayment and late payment of ~~taxes~~ fees and for reimbursement to the ~~counties~~ department pursuant to 15-24-925 for collection of the ~~levy~~ fee.

(3) (a) A livestock owner who moves livestock between states is entitled to a refund of the per capita ~~levy~~ fee collected under 15-24-921 based on the number of months that the livestock have ~~taxable~~ situs in Montana. The amount of the refund is equal to the ratio of the number of months that the livestock do not have ~~taxable~~ situs in the state to the number of months in the ~~tax~~ year, multiplied by the original per capita ~~levy~~ fee due. A taxpayer shall apply to the board of livestock on a form prescribed by the board for a refund allowed under this subsection by January 31 of the following ~~the taxable~~ year. The application must include a statement showing the date when the livestock were moved out of the state.

(b) For the purposes of 15-24-921 and this section, the per capita ~~levy~~ fee may not be prorated.""

Renumber: subsequent sections

49. Page 93, line 8.

Insert: "Section 101. Section 15-24-925, MCA, is amended to read:

"15-24-925. Reimbursement to ~~county~~ department -- transmission of ~~taxes~~ fees ~~from county~~ to state ~~treasurer~~. (1) The ~~county treasurer~~ department may withhold 2% of the money received under 15-24-921 as reimbursement ~~to the county~~ for the collection of the ~~levy~~ fee on livestock.

(2) ~~Except for the amount withheld under subsection (1), the taxes levied and the money collected pursuant to the provisions of 15-24-922 must be transmitted to the state treasury by the county treasurer of each county, as provided in 15-1-504,~~

~~but not later than July 1 following assessment.~~ The ~~county treasurer~~ department shall designate the amount received from the ~~tax levied~~ fee imposed on sheep and the amount received from the ~~tax levied~~ fee imposed on all other livestock and shall specify the separate amounts in the report to the ~~state treasurer~~ department of livestock. The money, when received by the ~~state treasurer~~ department, must be deposited in an account in the special revenue fund to the credit of the department of livestock. The money in the account must be kept separate from other funds received by the department of livestock.""

Renumber: subsequent sections

50. Page 96, line 9.

Insert: "Section 102. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. (1) In computing net income, there are allowed as deductions:

(a) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b), and 211 of the Internal Revenue Code of 1954 (26 U.S.C. 161 and 211), or as sections 161 and 211 are labeled or amended, subject to the following exceptions, which are not deductible:

(i) items provided for in 15-30-123;

(ii) state income tax paid;

(iii) premium payments for medical care as provided in subsection (1)(g)(i);

(iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii);

(b) federal income tax paid within the tax year;

(c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as follows:

(i) expenses for household and dependent care services necessary for gainful employment incurred for:

(A) a dependent under 15 years of age for whom an exemption can be claimed;

(B) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income do not apply, who is unable to provide self-care because of physical or mental illness; and

(C) a spouse who is unable to provide self-care because of physical or mental illness;

(ii) employment-related expenses incurred for the following services, but only if the expenses are incurred to enable the taxpayer to be gainfully employed:

(A) household services that are attributable to the care of the qualifying individual; and

(B) care of an individual who qualifies under subsection (1)(c)(i);

(iii) expenses incurred in maintaining a household if over half of the cost of maintaining the household is furnished by an individual or, if the individual is married during the applicable period, is furnished by the individual and the individual's spouse;

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(iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

(A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during the year only to the extent that the expenses do not exceed $4,800;

(B) expenses for services in the household are deductible under subsection (1)(c)(i) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that the expenses incurred during the year do not exceed:

(I) $2,400 in the case of one qualifying individual;

(II) $3,600 in the case of two qualifying individuals; and

(III) $4,800 in the case of three or more qualifying individuals;

(v) if the combined adjusted gross income of the taxpayers exceeds $18,000 for the tax year during which the expenses are incurred, the amount of the employment-related expenses incurred, to be reduced by one-half of the excess of the combined adjusted gross income over $18,000;

(vi) for purposes of this subsection (1)(c):

(A) married couples shall file a joint return or file separately on the same form;

(B) if the taxpayer is married during any period of the tax year, employment-related expenses incurred are deductible only if:

(I) both spouses are gainfully employed, in which case the expenses are deductible only to the extent that they are a direct result of the employment; or

(II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

(C) an individual legally separated from the individual's spouse under a decree of divorce or of separate maintenance may not be considered as married;

(D) the deduction for employment-related expenses must be divided equally between the spouses when filing separately on the same form;

(E) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax year and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not deductible as employment-related expenses;

(d) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code (now repealed) that were in effect for the tax year ended December 31, 1978;

(e) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct allowed as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

(f) contributions to the child abuse and neglect prevention program provided for in 41-3-701, subject to the conditions set forth in 15-30-156;

(g) the entire amount of premium payments made by the taxpayer, except premiums deducted in determining Montana

adjusted gross income, or for which a credit was claimed under 15-30-128, for:

(i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer; and

(ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified long-term care services, as defined in 26 U.S.C. 7702B(c), for:

(A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or

(B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer for tax years beginning after December 31, 1996;

(h) contributions to the Montana drug abuse resistance education program provided for in 44-2-702, subject to the conditions set forth in 15-30-159; ~~and~~

(i) light vehicle registration fees, as provided for in 61-3-560 through 61-3-562, paid during the tax year; and

(j) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209, 81-7-118, or 81-7-201.

(2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child and at least one unrelated child in the ordinary course of business may deduct employment-related expenses considered to have been paid for the care of the child.

(b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours of care. The employment-related expenses apply regardless of whether any expenses actually have been paid. Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).

(c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the deduction under this subsection (2). (Subsection (1)(h) terminates on occurrence of contingency--sec. 12, Ch. 808, L. 1991.)""

Renumber: subsequent sections

51. Page 98, line 20.

Insert: "Section 103. Section 15-31-114, MCA, is amended to read:

"15-31-114. Deductions allowed in computing income. (1) In computing the net income, the following deductions are allowed from the gross income received by the corporation within the year from all sources:

(a) all the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance and operation of its business and properties, including reasonable allowance for salaries for personal services actually rendered, subject to the limitation contained in this section, and rentals or other payments required to be made as a condition to the continued use or possession of property to which the corporation has not taken or is not taking title or in which it has no equity. A deduction

is not allowed for salaries paid upon which the recipient has not paid Montana state income tax. However, when domestic corporations are taxed on income derived from outside the state, salaries of officers paid in connection with securing the income are deductible.

(b) (i) all losses actually sustained and charged off within the year and not compensated by insurance or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the trade or business. The allowance is determined according to the provisions of section 167 of the Internal Revenue Code in effect with respect to the taxable year. All elections for depreciation must be the same as the elections made for federal income tax purposes. A deduction is not allowed for any amount paid out for any buildings, permanent improvements, or betterments made to increase the value of any property or estate, and a deduction may not be made for any amount of expense of restoring property or making good the exhaustion of property for which an allowance is or has been made. A depreciation or amortization deduction is not allowed on a title plant as defined in 33-25-105(15).

(ii) There is allowed as a deduction for the taxable period a net operating loss deduction determined according to the provisions of 15-31-119.

(c) in the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance for depletion and for depreciation of improvements. The reasonable allowance must be determined according to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling expenses for corporation license tax purposes must be the same as the elections made for federal income tax purposes.

(d) The amount of interest paid within the year on its indebtedness incurred in the operation of the business from which its income is derived. Interest may not be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property or for the conduct of business unless the income from the property or business would be taxable under this part.

(e) (i) taxes paid within the year, except the following:

(A) taxes imposed by this part;

(B) taxes assessed against local benefits of a kind tending to increase the value of the property assessed;

(C) taxes on or according to or measured by net income or profits imposed by authority of the government of the United States;

(D) taxes imposed by any other state or country upon or measured by net income or profits.

(ii) Taxes deductible under this part must be construed to include taxes imposed by any county, school district, or municipality of this state.

(f) that portion of an energy-related investment allowed as a deduction under 15-32-103;

(g) (i) except as provided in subsection (1)(g)(ii), charitable contributions and gifts that qualify for deduction under section 170 of the Internal Revenue Code, as amended.

(ii) The public service commission may not allow in the rate base of a regulated corporation the inclusion of contributions made under this subsection.

(h) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209, 81-7-118, or 81-7-201.

(2) In lieu of the deduction allowed under subsection (1)(g), the taxpayer may deduct the fair market value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited postsecondary school located in Montana if:

(a) the contribution is made no later than 5 years after the manufacture of the donated property is substantially completed;

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(b) the property is not transferred by the donee in exchange for money, other property, or services; and

(c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the property and representing that the use and disposition of the property will be in accordance with the provisions of subsection (2)(b).

(3) In the case of a regulated investment company or a fund of a regulated investment company, as defined in section 851(a) or 851(h) of the Internal Revenue Code of 1986, as that section may be amended or renumbered, there is allowed a deduction for dividends paid, as defined in section 561 of the Internal Revenue Code of 1986, as that section may be amended or renumbered, except that the deduction for dividends is not allowed with respect to dividends attributable to any income that is not subject to tax under this chapter when earned by the regulated investment company. For the purposes of computing the deduction for dividends paid, the provisions of sections 852(b)(7) and 855 of the Internal Revenue Code of 1986, as those sections may be amended or renumbered, apply. A regulated investment company is not allowed a deduction for dividends received as defined in sections 243 through 245 of the Internal Revenue Code of 1986, as those sections may be amended or renumbered.""

Renumber: subsequent sections

52. Page 100, line 1.

Insert: "Section 104. Section 16-1-404, MCA, is amended to read:

"16-1-404. License tax on liquor -- amount -- distribution of proceeds. (1) The department shall collect at the time of sale and delivery of any liquor under any provisions of the laws of the state of Montana a license tax of:

(a) 10% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section;

(b) 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section.

(2) The license tax must be charged and collected on all liquor brought into the state and taxed by the department. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax. The department shall retain in a separate account the amount of the license tax received. The department, in accordance with the provisions of 15-1-501, shall allocate the revenue as follows:

(a) ~~Thirty percent is allocated to the counties according to the amount of liquor purchased in each county to be distributed to the incorporated cities and towns, as provided in subsection (4).~~

~~(b) Four and one-half percent is allocated to the counties according to the amount of liquor purchased in each county, and this money may be used for county purposes.~~ Thirty-four and one-half percent is allocated to the state general fund.

~~(c)~~(b) Sixty-five and one-half percent must be deposited in the state special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism.

~~(3) (a) In the case of purchases of liquor by a retail liquor licensee for use in the licensee's business, the department shall make regulations necessary to apportion that proportion of license tax so generated to the county where the licensed establishment is located, for use as provided in 16-1-405.~~

~~(b) The department shall pay quarterly to each county treasurer the proportion of the license tax due each county, in accordance with the provisions of 15-1-501, to be allocated to the incorporated cities and towns of the county. The payments to counties under this section are statutorily appropriated, as provided in 17-7-502.~~

~~(4) The license tax proceeds allocated to the county under subsection (2) for use by cities and towns must be distributed by the county treasurer to the incorporated cities and towns within 30 days of receipt from the department. The distribution of funds to the cities and towns must be based on the proportion that the gross sale of liquor in each city or town is to the gross sale of liquor in all of the cities and towns of the county.~~

~~(5)~~(3) The license tax proceeds that are allocated to the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism must be credited quarterly to the department of public health and human services. The legislature may appropriate a portion of the license tax proceeds to support alcohol programs. The remainder must be distributed as provided in 53-24-206.""

Renumber: subsequent sections

53. Page 100, line 28.

Insert: "Section 105. Section 16-1-406, MCA, is amended to read:

"16-1-406. Taxes on beer. (1) A tax of $4.30 per barrel of 31 gallons is imposed on each barrel of beer sold in Montana by a wholesaler. The tax is due at the end of each month from the wholesaler upon beer sold by the wholesaler during that month.

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The department shall compute the tax due on beer sold in containers other than barrels or in barrels of more or less capacity than 31 gallons.

(2) Each quarter, in accordance with the provisions of 15-1-501, of the tax collected pursuant to subsection (1), an amount equal to:

(a) $1 must be deposited in the state treasury to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism; and

(b) ~~50 cents~~ the remainder must be deposited in the state general fund~~; and~~

~~(c) $2.80 must be deposited with the state treasurer to the credit of the incorporated cities and towns beer tax account in the state special revenue fund.~~

~~(3) (a) The money in the incorporated cities and towns beer tax account is statutorily appropriated, as provided in 17-7-502, to the department, which shall, monthly, distribute this amount of money to the incorporated cities and towns in the direct proportion that the population of each city and town bears to the total population of all incorporated cities and towns as shown in the latest official federal census as adjusted by the most recent population estimates published by the U.S. bureau of the census. For cities and towns incorporated after the latest official federal census, the census must be determined as of the date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If a city or town disincorporates, it may not receive any funds under this section and the amount previously distributed to the city or town must be distributed to the remaining incorporated cities and towns. All funds received by cities and towns under this section must be expended for state purposes, such as law enforcement, maintenance of the transportation system, and public health.~~

~~(b) The department may adjust population estimates only on the July 1 following the date of publication of the estimates by the U.S. bureau of the census. The adjusted distribution formula must remain in effect for the entire fiscal year.~~""

Renumber: subsequent sections

54. Page 101, line 26.

Insert: "Section 106. Section 16-1-411, MCA, is amended to read:

"16-1-411. Tax on wine and hard cider -- penalty and interest. (1) (a) A tax of 27 cents per liter is imposed on table wine, except hard cider, imported by a table wine distributor or the department.

(b) A tax of 3.7 cents per liter is imposed on hard cider imported by a table wine distributor or the department.

(2) The tax imposed in subsection (1) must be paid by the table wine distributor by the 15th day of the month following sale of the table wine or hard cider from the table wine distributor's warehouse. Failure to file a tax return or failure to pay the tax required by this section subjects the table wine distributor to the penalties and interest provided for in 15-1-216.

(3) The tax paid by a table wine distributor in accordance with subsection (2) must, in accordance with the provisions of

15-1-501, be distributed as follows:

(a) ~~59%~~ 69% to the state general fund; and

(b) 31% to the state special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism~~;~~

~~(c) 5% is statutorily appropriated, as provided in 17-7-502, to the department for allocation to the counties, based on population, for the purpose established in 16-1-404, and~~

~~(d) 5% is statutorily appropriated, as provided in 17-7-502, to the department for allocation to the cities and towns, based on population, for the purpose established in 16-1-405~~.

(4) The tax computed and paid in accordance with this section is the only tax imposed by the state or any of its subdivisions, including cities and towns.

(5) For purposes of this section, ~~the following definitions apply:~~

~~(a) "Based on population" means:~~

~~(i) for counties, the direct proportion that the population of each county bears to the total population of all counties as shown in the latest official federal census as adjusted by the most recent population estimates published by the U.S. bureau of the census as provided in 16-1-406, and~~

~~(ii) for cities, the distribution described in 16-1-406, and~~

~~(b)~~ ~~"Table~~ "table wine" has the meaning assigned in 16-1-106, but does not include hard cider.""

Renumber: subsequent sections

55. Page 102, line 24.
Strike: "15-31-702;"

56. Page 102, line 25.
Strike: "16-1-404; 16-1-406; 16-1-411;"

57. Page 102, line 26.
Strike: "19-6-709;"

58. Page 102, line 28.
Strike: "23-5-610;"

59. Page 102, line 30.
Strike: "67-3-205;"

60. Page 103, line 1.
Strike: "77-1-505;"

61. Page 104, line 26.
Insert: "Section 108. Section 19-6-709, MCA, is amended to read:

"19-6-709. (Temporary) Supplemental benefits for certain

retirees. (1) In addition to any retirement benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and each succeeding year as long as the member remains eligible.

(2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit before July 1, 1991, may not be covered by 19-6-710, and must be:

(a) a retired member who is 55 years of age or older and who has been receiving a service retirement benefit for at least 5 years prior to the date of distribution;

(b) a survivor of a member who would have been eligible under subsection (2)(a); or

(c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

(3) A retired member otherwise qualified under this section who is employed in a position covered by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for in this section until the member's service in the covered position is terminated. Upon termination of the member's covered service, the retired member becomes eligible in the next fiscal year succeeding the member's termination.

(4) ~~(a) An amount equal to 25 cents of each motor vehicle registration fee provided for in 61-3-321(5) must be paid from the general fund to the pension trust fund at the end of each fiscal year. The payment is statutorily appropriated, as provided in 17-7-502, to the pension fund for payment of benefits to eligible recipients. The total funds must be distributed by the board in lump-sum payments to eligible recipients along with their normal retirement benefit payment.~~

~~(b)~~ The lump-sum payment must be distributed proportionally to all eligible recipients based on service credit at the time of retirement, subject to the following:

~~(i)~~(a) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes of the distributions;

~~(ii)~~(b) any recipient of a service retirement benefit exceeding the maximum monthly benefit under 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

~~(iii)~~(c) the maximum annual increase in the amount of supplemental benefits paid to each individual under this section is the percentage increase for the previous calendar year in the annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor statistics of the United States department of labor or its successor agency.

~~(c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used to amortize unfunded liabilities of the retirement system.~~

~~(5) Every 10 years following July 1, 1991, the board shall review the size of the additional fee collected under 61-3-321(5) and paid to the pension trust fund in accordance with subsection (4)(a) and recommend to each legislature following the board's review any legislation necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits provided by~~

~~this section.~~ (Terminates upon death of last eligible recipient--sec. 1, Ch. 567, L. 1991.)""
Renumber: subsequent sections

62. Page 113, line 4.
Insert: "Section 117. Section 20-9-141, MCA, is amended to read:
"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:
(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:
(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and
(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.
(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:
(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;
~~(ii) 98% of actual amounts received in fiscal year 1999 for light vehicle taxes under 61-3-504;~~
~~(iii)~~(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:
~~(A) revenue from taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204;~~
~~(B)~~(A) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and
~~(C)~~(B) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid;
~~(iv)~~(iii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2);
~~(v)~~(iv) anticipated oil and natural gas production taxes;
~~(vi)~~(v) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703; and
(vi) school district block grants distributed under [section 244] ~~and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999; and~~
~~(vii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702~~.
(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by

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the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the current total taxable valuation of the district, as certified by the department of revenue under 15-10-202, divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703 ~~and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999~~."""

Renumber: subsequent sections

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63. Page 114, line 17.

Insert: "Section 119. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax for elementary equalization and other revenue for county equalization of elementary BASE funding program. (1) Subject to 15-10-420, the county commissioners of each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state

advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212 1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the elementary county equalization fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(f) gross proceeds taxes from coal under 15-23-703; and

(g) oil and natural gas production taxes~~; and~~

~~(h) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-529, 61-3-537, 61-3-570, and 67-3-204~~."""

Renumber: subsequent sections

64. Page 115, line 18.

Insert: "Section 120. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high school BASE funding program. (1) Subject to 15-10-420, the county commissioners of each county shall levy an annual basic county tax of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204, for the purposes of high school equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school

districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) gross proceeds taxes from coal under 15-23-703; and

(d) oil and natural gas production taxes~~; and~~

~~(e) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-529, 61-3-537, 61-3-570, and 67-3-204~~."""

Renumber: subsequent sections

65. Page 120, line 1.

Insert: "Section 121. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of a district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems. The district's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement

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by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year~~, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204~~;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;

(iv) countywide school retirement block grants distributed under [section 245];

~~(iv)~~(v) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

~~(v)~~(vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set the county levy or district levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine

the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(9) The levy for a community college district may be applied only to property within the district.""

Renumber: subsequent sections

66. Page 125, line 2.

Insert: "Section 122. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget. Before the second Monday of August, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or $100, whichever is larger, the contingency amount on the budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and

county revenue to be budgeted on the following basis:

(i) one-half is the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be 50% of the schedule amount attributed to the transportation of special education pupils; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of fund balance for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and fund balance reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

~~(e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204;~~

~~(f)~~ (e) anticipated revenue from coal gross proceeds under 15-23-703;

~~(g)~~ (f) anticipated oil and natural gas production taxes;

~~(h)~~ (g) anticipated local government severance tax payments for calendar year 1995 production;

~~(i)~~ (h) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

(i) school district block grants distributed under [section 244];

(j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

(k) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve

for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142.""

Renumber: subsequent sections

67. Page 127, line 29.

Insert: "Section 123. Section 20-10-146, MCA, is amended to read:

"20-10-146. County transportation reimbursement. (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be the same as the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year~~, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, 61-3-537, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204~~;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production;

(iv) coal gross proceeds taxes under 15-23-703;

(v) countywide school transportation block grants distributed under [section 246];

~~(v)~~(vi) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

~~(vi)~~(vii) federal forest reserve funds allocated under the provisions of 17-3-213; and

~~(vii)~~(viii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments.""

Renumber: subsequent sections

68. Page 129, line 26.

Insert: "Section 127. Section 20-25-1002, MCA, is amended to read:

"20-25-1002. State motorcycle safety account -- proceeds earmarked for account. (1) There is a state motorcycle safety account in the treasury of the state of Montana.

(2) Money collected and accrued from motorcycle safety training courses, motorcycle endorsement fees, motorcycle ~~registration~~ safety fees, and designated grants or an amount equal to that amount must be deposited in the state motorcycle safety account and must be available to support only approved motorcycle safety training courses, appropriate instructor of motorcycle safety training, and other related motorcycle safety training activities.""

Renumber: subsequent sections

69. Page 134, line 26.

Insert: "Section 129. Section 23-2-508, MCA, is amended to read:

"23-2-508. Certificate of ownership -- filing of security interests. (1) Except as provided in subsection (9), a motorboat

or sailboat 12 feet in length or longer may not be operated upon the waters of the state unless a certificate of ownership has first been obtained from the department of justice in accordance with the laws of this state.

(2) The owner of a motorboat or sailboat 12 feet in length or longer shall apply for a certificate of ownership and a certificate of number with the county treasurer of the county in which the owner resides, upon forms furnished by the department of justice. The forms must require the following information:

(a) name of the owner;

(b) residence of the owner, by town or county;

(c) business or home address of the owner;

(d) name and address of any lienholder;

(e) amount due under any contract or lien;

(f) name of the manufacturer;

(g) model number or name;

(h) identification number;

(i) name and address of the dealer or other person from whom acquired, if known; and

(j) other information ~~as~~ that the department of justice may require.

(3) The application is to be accompanied by documentation of ownership, such as an invoice, a bill of sale, a foreign title, an official certificate of boat number, a fee in lieu of tax receipt, or a certificate of ownership of a trailer purchased with the motorboat or sailboat. An applicant who fails to provide proof of ownership shall provide a certified statement describing how the motorboat or sailboat 12 feet in length or longer was acquired, from whom acquired, if known, and other information requested by the department of justice.

(4) If a certificate of ownership has previously been issued under the provisions of this part, the application for a new certificate must be accompanied by the immediately previous certificate. This subsection does not apply to motorboats or sailboats 12 feet in length or longer that are purchased as new and unused vessels or that were operated when the provisions of this part were not in force and effect.

(5) A motorboat or sailboat 12 feet in length or longer that does not have a manufacturer's or other identifying number on the motorboat or sailboat must be assigned an identification number by the department ~~of fish, wildlife, and parks~~. A fee of $1 must be paid to the department for an assignment of number.

(6) Upon completion of the application, the county treasurer shall issue to the applicant two copies of the certificate of number application, one of which must be marked "file copy". The treasurer shall forward one copy and the original application for a certificate of ownership to the department of justice, which shall enter the information contained in the application upon the corresponding records of its office and shall furnish the applicant a certificate of ownership containing that information in the application considered necessary by the department and a permanent boat number. The certificate of ownership need not be renewed annually and is valid as long as the person holding it owns the vessel.

(7) The owner shall at all times retain possession of the certificate of ownership, except when it is being transmitted to

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and from the department of justice for endorsement or cancellation.

(8) Upon application for a certificate of ownership, a fee of $5 must be paid to the county treasurer, ~~$3.50 of~~ which must be forwarded by the county treasurer to the department of justice and deposited in the general fund.

(9) A person who, on July 1, 1988, is the owner of a motorboat or sailboat 12 feet in length or longer with a valid certificate of number issued by the state is not required to file an application for a certificate of ownership for the motorboat or sailboat unless the person transfers a part of the person's interest in the motorboat or sailboat or renews the certificate of number for the motorboat or sailboat.

(10) The department of justice may not file a voluntary security interest or lien unless it is accompanied by or specified in the application for a certificate of ownership of the boat encumbered. If the approved lien notice is transmitted to the department of justice, the security agreement or other lien instrument that creates the security interest must be retained by the secured party. A copy of the security agreement is sufficient as a lien notice if it contains the name and address of the debtor and the secured party, the complete boat description, the amount of the lien, and the signature of the debtor. The department of justice shall file voluntary security interests and liens by entering the name and address of the secured party upon the face of the certificate of ownership. Involuntary liens must be filed against the record of the boat encumbered. The department of justice shall mail a statement certifying the filing of a security interest or lien to the secured party. The department of justice shall mail the certificate of ownership to the owner at the address given on the certificate; however, if the transfer of ownership and filing of the security interest are paid for by a creditor or secured party, the department of justice shall return the certificate of ownership to the county treasurer of the county in which the boat is to be registered. The owner of a boat is the person entitled to operate and possess the boat.

(11) A security interest in a boat held as inventory by a dealer must be perfected in accordance with Title 30, chapter 9.

(12) Whenever a security interest or lien is filed against a boat that is subject to two security interests previously perfected under this section, the department of justice shall endorse on the face of the certificate of ownership: "NOTICE. This boat is subject to additional security interest on file with the Department of Justice." No other information regarding the additional security interests need be endorsed on the certificate.

(13) Satisfactions or statements of release filed with the department of justice under this part must be retained for a period of 8 years after receipt, after which they may be destroyed.

(14) Except as provided in subsection (15), a voluntary security interest or lien is perfected on the date the lien notice is delivered to the county treasurer. On that date, the county treasurer shall issue to the secured party a receipt evidencing the perfection. Perfection under this section

constitutes constructive notice to subsequent purchasers or encumbrancers, from the date of delivery of the lien notice to the county treasurer, of the existence of the security interest.

(15) Voluntary security interests or lien filings that do not require transfer of ownership are perfected on the date the lien notice and the certificate of ownership or manufacturer's statement of origin are received by the department of justice. On that date, the department of justice shall issue to the secured party a receipt evidencing the perfection. Perfection under this subsection constitutes constructive notice to subsequent purchasers or encumbrancers, from the date the lien notice is delivered to the department of justice, of the existence of the security interest.

(16) Upon default under a chattel mortgage or conditional sales contract covering a boat, the mortgagee or vendor has the same remedies as in the case of other personal property. In case of attachment of a boat, all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable, except that deposits must be made with the department of justice.

(17) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of a chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment is required to pay the department of justice the sum of $1 for each day that the person fails to file the satisfaction.

(18) Upon receipt of notice of any involuntary liens or attachments against the record of any boat registered in this state, the department of justice shall within 24 hours mail to the owner, conditional sales vendor, mortgagee, or their assignee a notice showing the name and address of the lien claimant, the amount of the lien, the date of execution of the lien, and, in the case of attachment, the full title of the court, the action, and the name of the attorney for the plaintiff or the name of the attaching creditor, or both.

(19) It is not necessary to refile with the department of justice any instruments on file in the office of the county clerk and recorder on October 1, 1989.

(20) A fee of $4 must be paid to the department of justice to file any security interest or other lien against a boat. The $4 fee must cover the cost of filing a satisfaction or release of the security interest and the cost of entering the satisfaction or release on the records of the department of justice and deleting the endorsement of the security interest from the face of the certificate of ownership. A fee of $4 must be paid to the department of justice for issuing a certified copy of a certificate of ownership subject to a security interest or other lien on file with the department of justice or for filing an assignment of any security interest or other lien on file with the department of justice. All fees provided for in this section must be paid to the county treasurer for deposit in the state general fund in accordance with 15-1-504.""

Renumber: subsequent sections

70. Page 136, line 23.

Insert: "Section 130. Section 23-2-510, MCA, is amended to read:

"23-2-510. Transfer of interest. (1) Except as provided in subsection (3), upon a transfer of a certificate of ownership to a motorboat or sailboat 12 feet in length or longer registered as required under the provisions of this part, the person whose title or interest is to be transferred shall sign the certificate of ownership issued for the motorboat or sailboat in the appropriate space provided on the reverse side of the certificate, and the signature must be acknowledged before the county treasurer, a deputy county treasurer, or a notary public.

(2) Within 30 calendar days after endorsement, the transferee shall make application for transfer of the certificate of ownership with the county treasurer of the county in which the transferee resides and also make application for registration of the motorboat or sailboat. The county treasurer shall forward the application to the department of justice, which shall file the application upon receipt. A certificate of ownership may not be issued by the department of justice until any outstanding certificate is surrendered to the department or its loss is established to the department's reasonable satisfaction. The county treasurer shall collect a fee of $5 for each application for transfer of ownership, ~~of~~ which ~~$3.50~~ must be forwarded to the department of justice for deposit in the general fund.

(3) A purchaser of a new or used motorboat or sailboat 12 feet in length or longer from a licensed dealer has a grace period of 30 calendar days from the date of purchase to register the motorboat or sailboat, make application for a certificate of ownership, and obtain a decal indicating that the fee in lieu of property tax has been paid on the vessel for the current year. It is not a violation of this part or any other law for the purchaser to operate a newly acquired motorboat or sailboat 12 feet in length or longer without a certificate of ownership, certificate of registration, and decal during the 30-day grace period. During this period the sticker provided for in subsection (4) must remain affixed to the motorboat or sailboat.

(4) Prior to the delivery of a motorboat or sailboat 12 feet in length or longer to the purchaser, the dealer shall issue and affix to a motorboat or sailboat constructed after October 31, 1972, a sticker as prescribed by the department of justice. The sticker must contain the name and address of the purchaser, the date of sale, the name and address of the dealer, and a description of the motorboat or sailboat, including its serial number. The dealer shall keep a copy of the sticker for ~~his~~ the dealer's records and shall send a copy of the sticker to the department of justice.

(5) A purchaser of a new or used motorboat or sailboat who is unable to record a transfer of ownership with the county treasurer at the time ~~he makes~~ of making an application for registration of the motorboat or sailboat because the certificate of ownership is lost, in the possession of third parties, or in the process of reissuance in this state or elsewhere may, upon making affidavit to that effect upon a form prescribed by the department of justice and upon the payment of the applicable fee in lieu of tax plus a fee of $2 to be collected by the county treasurer and remitted to the department of justice for deposit in the general fund, obtain from the county treasurer of the county in which the boat is to be registered a temporary boat

sticker of a size, color, and design as the department of justice may prescribe, to be validated by the county treasurer for a period of 60 days from the date of issuance. The purchaser, upon displaying the sticker conspicuously on the motorboat or sailboat, may operate the motorboat or sailboat during the period for which the boat sticker has been validated without displaying the numbers and license decal for the current year. The county treasurer may not sell, and a person may not purchase, more than one 60-day temporary boat sticker for any motorboat or sailboat, the ownership of which has not changed since the issuance of the previous 60-day boat sticker.

(6) The provisions of subsection (2) do not apply in the event of the transfer of a motorboat or sailboat 12 feet in length or longer to a ~~duly~~ licensed dealer intending to resell the motorboat or sailboat and who operates it only for demonstration purposes, but ~~every~~ a dealer, upon transferring ~~his~~ the dealer's interest, shall deliver the certificate of ownership with an application for a new certificate executed by the new owner in accordance with the provisions of this part. The department of justice, upon receipt of the certificate of ownership and application for a new certificate containing notice of a security interest, if any, shall issue a new certificate of ownership, together with a statement of any conditional sales contract, mortgage, or other lien.

(7) When the names and addresses of more than one owner who are members of the same immediate family are listed on the certificate of ownership, joint ownership with right of survivorship, and not as tenants in common, is presumed.

(8) The provisions of 61-3-201(3) through (7) that apply to motor vehicles also apply to any certificate of ownership transferred under this section.""

Renumber: subsequent sections

71. Page 139, line 6.

Insert: "Section 131. Section 23-2-512, MCA, is amended to read:

"23-2-512. Identification number. (1) The owner of each motorboat, sailboat, or personal watercraft requiring numbering by this state shall file an application for number in the office of the county treasurer where the motorboat, sailboat, or personal watercraft is owned, on forms prepared and furnished by the department of justice. The application must be signed by the owner of the motorboat, sailboat, or personal watercraft and be accompanied by a fee of ~~$2.50~~ $3.50. Any alteration, change, or false statement contained in the application will render the certificate of number void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and furnished by the department of justice, stating the number assigned to the motorboat, sailboat, or personal watercraft and the name and address of the owner.

(2) The applicant, upon the filing of the application, shall pay to the county treasurer the fee in lieu of tax required for a motorboat 10 feet in length or longer, a sailboat 12 feet in length or longer, or a personal watercraft for the current year of certification before the application for certification or

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recertification may be accepted by the county treasurer.

(3) Should the ownership of a motorboat, sailboat, or personal watercraft change, a new application form with the certification fee must be filed within a reasonable time with the county treasurer and a new certificate of number assigned in the same manner as provided for in an original assignment of number.

(4) If an agency of the United States government has in force a comprehensive system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this part by the department of justice must be in conformity.

(5) Every certificate of number and the license decals assigned under this part continues in effect for a period not to exceed 1 year unless terminated or discontinued in accordance with the provisions of this part. Certificates of number and license decals must show the date of expiration and may be renewed by the owner in the same manner provided for in the initial securing of the certificate.

(6) Certificates of number expire on December 31 of each year and may not be in effect unless renewed under this part.

(7) In the event of a transfer of ownership, the purchaser shall furnish the county treasurer notice within a reasonable time of the acquisition of all or any part of the purchaser's interest, other than the creation of a security interest, in a motorboat, sailboat, or personal watercraft numbered in this state or of the loss, theft, destruction, or abandonment of the motorboat, sailboat, or personal watercraft. The transfer, loss, theft, destruction, or abandonment terminates the certificate of number for the motorboat, sailboat, or personal watercraft. Recovery from theft or transfer of a part interest that does not affect the owner's right to operate the motorboat, sailboat, or personal watercraft does not terminate the certificate of number.

(8) A holder of a certificate of number shall notify the county treasurer within reasonable time if the holder's address no longer conforms to the address appearing on the certificate and shall furnish the county treasurer with the new address. The department of justice may provide by rule for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or the alteration of an outstanding certificate to show the new address of the holder.

(9) (a) The number assigned must be painted on or attached to each outboard side of the forward half of the motorboat, sailboat, or personal watercraft or, if there are no sides, at a corresponding location on both outboard sides of the foredeck of the motorboat, sailboat, or personal watercraft. The number assigned must read from left to right in Arabic numerals and block characters of good proportion at least 3 inches tall excluding border or trim of a color that contrasts with the color of the background and be so maintained as to be clearly visible and legible. The number may not be placed on the obscured underside of the flared bow where it cannot be easily seen from another vessel or ashore. Numerals, letters, or devices other than those used in connection with the identifying number issued may not be placed in the proximity of the identifying number. Numerals, letters, or devices that might interfere with the ready identification of the motorboat, sailboat, or personal watercraft

by its identifying number may not be carried in a manner that interferes with the motorboat's, sailboat's, or personal watercraft's identification. A number other than the number and license decal assigned to a motorboat, sailboat, or personal watercraft or granted reciprocity under this part may not be painted, attached, or otherwise displayed on either side of the forward half of the motorboat, sailboat, or personal watercraft.

(b) The certificate of number must be pocket size and available to federal, state, or local law enforcement officers at all reasonable times for inspection on the motorboat, sailboat, or personal watercraft whenever the motorboat, sailboat, or personal watercraft is on waters of this state.

(c) Boat liveries are not required to have the certificate of number on board each motorboat, sailboat, or personal watercraft, but a rental agreement must be carried on board livery motorboats, sailboats, or personal watercraft in place of the certificate of number.

(10) ~~(a) Except as provided in subsection (10)(b), fees~~ Fees, other than the fee in lieu of tax, collected under this section must be transmitted to the state treasurer, who shall deposit the fees in the ~~motorboat or sailboat certificate identification account of the~~ state ~~special revenue~~ general fund. ~~These fees must be used only for the administration and enforcement of this part, as amended.~~

~~(b) Of the fee collected under the provisions of subsection (1), 20% must be deposited by the state treasurer in an account in the state special revenue fund to the credit of the department to be used to acquire and maintain marine sewage pumpout equipment and other boat facilities.~~

(11) An owner of a motorboat, sailboat, or personal watercraft ~~must~~ shall within a reasonable time notify the department of justice, giving the motorboat's, sailboat's, or personal watercraft's identifying number and the owner's name when the motorboat, sailboat, or personal watercraft is transferred, lost, destroyed, or abandoned~~, or frauded~~ or within 60 days after a change of state of principal use or if a motorboat becomes documented as a vessel of the United States.""

Renumber: subsequent sections

72. Page 139, line 23.

Insert: "Section 132. Section 23-2-518, MCA, is amended to read:

"23-2-518. (Temporary) Disposition of fees in lieu of tax. ~~(1) Except for fees allocated under subsection (2), the~~ The county treasurer shall ~~distribute~~ transfer all fees in lieu of tax collected on motorboats 10 feet in length or longer, sailboats 12 feet in length or longer, personal watercraft, motorized canoes, motorized rubber rafts, and motorized pontoons pursuant to 23-2-516 and 23-2-517 ~~in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed~~ to the state general fund.

~~(2) The county treasurer shall allocate 20% of all fees in lieu of tax collected under this section to the motorboat account in the state special revenue fund for use by the department as provided in 23-2-533.~~ (Terminates June 30, 2002--sec. 9, Ch. 476,

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L. 1995.)

23-2-518. (Effective July 1, 2002) Disposition of fees in lieu of tax. The county treasurer shall ~~distribute~~ transfer all fees in lieu of tax collected on motorboats 10 feet in length or longer, sailboats 12 feet in length or longer, personal watercraft, motorized canoes, motorized rubber rafts, and motorized pontoons pursuant to 23-2-516 and 23-2-517 ~~in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed~~ to the state general fund.""

Renumber: subsequent sections

73. Page 143, line 3.

Insert: "Section 133. Section 23-2-611, MCA, is amended to read:

"23-2-611. Certificate of ownership -- filing of security interests. (1) A snowmobile may not be operated upon any private or public lands, trails, easements, lakes, rivers, streams, roadways or shoulders of roadways, streets, or highways unless a certificate of ownership has first been obtained from the department of justice in accordance with the laws of this state. A certificate of ownership is not required for a snowmobile purchased prior to April 16, 1993, if use of the snowmobile is restricted to private land.

(2) The owner of a snowmobile shall apply for a certificate of ownership with the county treasurer of the county in which the owner resides, upon forms to be furnished for this purpose. The forms must require the following information:

(a) the name of the owner;
(b) the residence of the owner, by town and county;
(c) the business or home mailing address of the owner;
(d) the name and address of any lienholder;
(e) the amount due under any contract or lien;
(f) the name of the manufacturer;
(g) the model number or name;
(h) the identification number; and
(i) the name and address of the dealer or other person from whom acquired.

(3) The application must be accompanied by documentation of ownership, such as an invoice, notarized bill of sale from the immediately previous owner, foreign title, official certificate of snowmobile number, or fee in lieu of tax receipt.

(4) The application must be signed by at least one owner or by a properly authorized officer or representative of the owner.

(5) If a certificate of ownership has previously been issued under the provisions of 23-2-601 through 23-2-644, the application for a new certificate must be accompanied by the immediately previous certificate. This subsection does not apply to snowmobiles that are purchased as new and unused machines or that were operated when the provisions of 23-2-601 through 23-2-644 were not in force and effect.

(6) Upon completion of the application, on forms furnished by the department of justice, the county treasurer shall issue to the applicant two copies of the application, one of which must be marked "file copy". The treasurer shall forward one copy and the

original application to the department of justice, which shall enter the information contained in the application upon the corresponding records of its office and shall furnish the applicant with a certificate of ownership, which must contain that information in the application considered necessary by the department of justice, and a permanent ownership number. The certificate of ownership is not to be renewed annually and is valid as long as the person holding it owns the snowmobile.

(7) The owner shall at all times retain possession of the certificate of ownership, except when it is being transmitted to and from the department of justice for endorsement or cancellation.

(8) Upon application for a certificate of ownership, a fee of $5 must be paid to the county treasurer, ~~$3.50 of~~ which must be forwarded by the county treasurer to the department of justice and deposited in the general fund.

(9) The department of justice may not file a voluntary security interest or lien unless it is accompanied by or specified in the application for a certificate of ownership of the snowmobile encumbered. If the approved lien notice is transmitted to the department of justice, the security agreement or other lien instrument that creates the security interest must be retained by the secured party. A copy of the security agreement is sufficient as a lien notice if it contains the name and address of the debtor and the secured party, the complete snowmobile description, the amount of the lien, and the signature of the debtor. The department of justice shall file voluntary security interests and liens by entering the name and address of the secured party upon the face of the certificate of ownership. Involuntary liens must be filed against the record of the snowmobile encumbered. The department of justice shall mail a statement certifying the filing of a security interest or lien to the secured party. The department of justice shall mail the certificate of ownership to the owner at the address given on the certificate; however, if the transfer of ownership and filing of the security interest are paid for by a creditor or secured party, the department of justice shall return the certificate of ownership to the county treasurer of the county in which the snowmobile is to be registered. The owner of a snowmobile is the person entitled to operate and possess the snowmobile.

(10) A security interest in a snowmobile held as inventory by a dealer must be perfected in accordance with Title 30, chapter 9.

(11) Whenever a security interest or lien is filed against a snowmobile that is subject to two security interests previously perfected under this section, the department of justice shall endorse on the face of the certificate of ownership: "NOTICE. This snowmobile is subject to additional security interest on file with the Department of Justice~~"~~." Other information regarding the additional security interests need not be endorsed on the certificate.

(12) Satisfactions or statements of release filed with the department of justice under this part must be retained for a period of 8 years after receipt, after which they may be destroyed.

(13) Except as provided in subsection (14), a voluntary

security interest or lien is perfected on the date the lien notice is delivered to the county treasurer. On that date, the county treasurer shall issue to the secured party a receipt evidencing the perfection. Perfection under this section constitutes constructive notice to subsequent purchasers or encumbrancers, from the date of delivery of the lien notice to the county treasurer, of the existence of the security interest.

(14) Voluntary security interests or lien filings that do not require transfer of ownership are perfected on the date the lien notice and the certificate of ownership or manufacturer's statement of origin are received by the department of justice. On that date, the department of justice shall issue to the secured party a receipt evidencing the perfection. Perfection under this subsection constitutes constructive notice to subsequent purchasers or encumbrancers, from the date the lien notice is delivered to the department of justice, of the existence of the security interest.

(15) Upon default under a chattel mortgage or conditional sales contract covering a snowmobile, the mortgagee or vendor has the same remedies as in the case of other personal property. In case of attachment of a snowmobile, all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable, except that deposits must be made with the department of justice.

(16) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of a chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment is required to pay the department of justice the sum of $1 for each day that the satisfaction is not filed.

(17) Upon receipt of notice of any involuntary liens or attachments against the record of any snowmobile registered in this state, the department of justice shall within 24 hours mail to the owner, conditional sales vendor, mortgagee, or their assignee a notice showing the name and address of the lien claimant, the amount of the lien, the date of execution of the lien, and, in the case of attachment, the full title of the court, the action, and the name of the attorney for the plaintiff or the name of the attaching creditor, or both.

(18) It is not necessary to refile with the department of justice any instruments on file in the office of the county clerk and recorder on October 1, 1989.

(19) A fee of $4 must be paid to the department of justice to file any security interest or other lien against a snowmobile. The $4 fee must cover the cost of filing a satisfaction or release of the security interest and the cost of entering the satisfaction or release on the records of the department of justice and deleting the endorsement of the security interest from the face of the certificate of ownership. A fee of $4 must be paid to the department of justice for issuing a certified copy of a certificate of ownership subject to a security interest or other lien on file with the department of justice or for filing an assignment of a security interest or other lien on file with the department of justice. All fees provided for in this section must be paid to the county treasurer for deposit in the <u>state</u> general fund in accordance with 15-1-504.""

Renumber: subsequent sections

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74. Page 144, line 14.
Insert: "Section 134. Section 23-2-612, MCA, is amended to read:
"23-2-612. Transfer of interest. (1) Except as provided in subsection (3), upon a transfer of any certificate of ownership to a snowmobile registered as required under the provisions of 23-2-601 through 23-2-644, the person whose title or interest is to be transferred shall ~~write his signature with pen and ink upon~~ sign the certificate of ownership issued for the snowmobile in the appropriate space provided upon the reverse side of the certificate, and the signature ~~shall~~ must be acknowledged before the county treasurer, a deputy county treasurer, or a notary public.

(2) Within 20 calendar days after endorsement, the transferee shall make application for transfer of the certificate of ownership with the county treasurer of the county in which the transferee resides and also make application for registration of the snowmobile. The county treasurer shall forward the application to the department of justice, which shall file the application upon receipt. A certificate of ownership may not be issued by the department of justice until the outstanding certificates are surrendered to that office or their loss is established to ~~its~~ the department's reasonable satisfaction. The county treasurer shall collect a fee of $5 for each application for transfer of ownership, ~~of~~ which ~~$3.50~~ must be forwarded to the department of justice for deposit in the general fund.

(3) A purchaser of a new or used snowmobile from a licensed snowmobile dealer has a grace period of 20 calendar days from the date of purchase to register the snowmobile, make application for a certificate of ownership, and obtain a decal indicating that the fee in lieu of property tax has been paid on the snowmobile for the current year. It is not a violation of 23-2-601 through 23-2-644 or any other law for the purchaser to operate a newly acquired snowmobile without a certificate of ownership, a certificate of registration, and a decal during the 20-day period. During this period, the sticker provided for in subsection (4) ~~shall~~ must remain affixed to the snowmobile.

(4) Prior to the delivery of the snowmobile to the purchaser, the dealer shall issue and affix to the snowmobile a sticker (in a form to be prescribed by the department of justice). The sticker shall contain the name and address of the purchaser, the date of sale, the name and address of the dealer, and a description of the snowmobile, including its serial number. The dealer shall keep a copy of the sticker for ~~his~~ the dealer's records and shall send a copy of the sticker to the department of justice.

(5) The provisions of subsection (2) do not apply in the event of the transfer of a snowmobile to a ~~duly~~ licensed snowmobile dealer who is intending to resell the snowmobile and who operates it only for demonstration purposes, but ~~every~~ a dealer, upon transferring ~~his~~ the dealer's interest, shall deliver the certificate of ownership with an application for a new certificate executed by the new owner in accordance with the provisions of 23-2-601 through 23-2-644. The department of justice, upon receipt of the certificate of ownership and

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application for a new certificate containing notice of a security interest, if any, shall issue a new certificate of ownership, together with a statement of any conditional sales contract, mortgage, or other lien.

(6) When the names and addresses of more than one owner who are members of the same immediate family are listed on the certificate of ownership, joint ownership with right of survivorship, and not as tenants in common, is presumed.

(7) The provisions of 61-3-201(3) through (7) that apply to motor vehicles also apply to any certificate of ownership transferred under this section.""

Renumber: subsequent sections

75. Page 145, line 5.

Insert: "Section 135. Section 23-2-615, MCA, is amended to read:

"23-2-615. Nonresident temporary-use permits -- use of fees. (1) The requirements pertaining to the nonresident temporary-snowmobile-use permit are as follows:

(a) Application for the issuance of the permit must be made at locations and upon forms prescribed by the department. The forms must include but are not limited to:

(i) the applicant's name and permanent address;

(ii) the make, model, year, and serial number of the snowmobile; and

(iii) an affidavit declaring the nonresidency of the applicant.

(b) Upon submission of the application and a fee of $6, a nonresident temporary-snowmobile-use sticker must be issued. The sticker must be displayed in a conspicuous manner on the snowmobile.

(2) The temporary permit is valid for a consecutive 30-day period as designated by the permit.

(3) The permit is not proof of ownership, and a certificate of ownership may not be issued.

(4) A nonresident temporary-snowmobile-use permit is not required for a snowmobile that qualifies as a racing snowmobile under 23-2-622.

(5) All money collected by payment of fees under this section must be ~~turned over~~ transferred to the state treasurer and ~~placed~~ deposited in the state ~~special revenue~~ general fund ~~to the credit of the department of fish, wildlife, and parks, with one-half to be used in administering this section and one-half to be used in the development, maintenance, and operation of snowmobile facilities~~.

(6) The failure to display the permit as required by this section or the making of false statements in obtaining the permit is a misdemeanor, punishable by a fine of not less than $25 or more than $100.""

Renumber: subsequent sections

76. Page 146, line 14.

Insert: "Section 136. Section 23-2-616, MCA, is amended to read:

"23-2-616. Registration and decals -- application and issuance -- use of certain fees. (1) Except for a snowmobile

registered under 23-2-621, a snowmobile may not be operated on public lands by any person in Montana unless it has been registered and there is displayed in a conspicuous place on both sides of the cowl a decal as visual proof that the fee in lieu of property tax has been paid on it for the current year and the immediately previous year as required by 15-16-202.

(2) Application for registration must be made to the county treasurer upon forms to be furnished by the department of justice for this purpose, which may be obtained at the county treasurer's office in the county where the owner resides. The application shall contain the following information:

(a) the name and address of the owner;

(b) the certificate of ownership number;

(c) the make of the snowmobile;

(d) the model name of the snowmobile;

(e) the year of manufacture;

(f) a statement evidencing payment of the fee in lieu of property tax as required by 15-16-202; and

(g) other information as the department of justice may require.

(3) The application must be accompanied by a ~~decal~~ decal-registration fee of ~~$5, a registration fee of 50 cents~~ $6.50, and, if the snowmobile has previously been registered, by the registration certificate for the most recent year in which the snowmobile was registered. The treasurer shall sign the application and issue a registration receipt that must contain information considered necessary by the department of justice and a listing of fees paid. The owner shall retain possession of the registration receipt until it is surrendered to the county treasurer for reregistration or to a purchaser or subsequent owner pursuant to a transfer of ownership.

(4) The county treasurer shall forward the signed application to the department of justice and shall issue to the applicant a decal in the style and design prescribed by the department of justice and of a different color than the preceding year, numbered in sequence.

(5) The county treasurer may not accept any application under this section until the applicant has paid the ~~decal~~ decal-registration ~~and registration fees~~ fee and the fee in lieu of property tax on the snowmobile for the current year and the immediately previous year as required by 15-16-202.

(6) All money collected from payment of ~~the decal~~ decal-registration fees and all interest accruing from use of this money must be forwarded to the state treasurer and placed in the state ~~special revenue~~ general fund ~~to the credit of the department, with $2.50 designated for use in enforcing the purposes of 23-2-601 through 23-2-644 and $2.50 designated for use in the development, maintenance, and operation of snowmobile facilities. All money collected from payment of the registration fee must be forwarded to the state treasurer and deposited in the general fund~~.

(7) The county treasurer shall credit all fees in lieu of tax collected on snowmobiles to the ~~county motor vehicle suspense fund provided for in 61-3-509~~ state general fund.""

Renumber: subsequent sections

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77. Page 147, line 4.
Insert: "Section 137. Section 23-2-803, MCA, is amended to read:
"23-2-803. Fee in lieu of tax on off-highway vehicles -- exception -- disposition of fees. (1) There is a fee in lieu of tax on off-highway vehicles, other than off-highway vehicles constituting the inventory of a dealership licensed under 23-2-818, to be paid to the county treasurer of the county in which the owner of the off-highway vehicle resides.

(a) The fee for an off-highway vehicle less than 3 years old is $19. In all other cases the fee is $9.

(b) Except as provided in subsection (1)(c), the age of an off-highway vehicle is determined by subtracting the manufacturer's designated model year from the current calendar year.

(c) If the purchase year of an off-highway vehicle precedes the designated model year of the off-highway vehicle and the off-highway vehicle is originally titled in Montana, then the purchase year is considered the model year for the purposes of calculating the fee in lieu of tax.

(2) ~~(a) Except as provided in subsection (2)(b), the~~ The county treasurer shall ~~distribute~~ transfer all fees in lieu of tax collected on off-highway vehicles pursuant to this section ~~in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed~~ to the state general fund.

~~(b) The county treasurer shall remit $1 of the fee in lieu of tax collected on an off-highway vehicle to the department of agriculture for deposit in the noxious weed management trust fund provided for in 80-7-811.~~""
Renumber: subsequent sections

78. Page 147, line 27.
Insert: "Section 138. Section 23-2-804, MCA, is amended to read:
"23-2-804. Decal required ~~-- fee -- disposition~~. (1) Except as provided in 23-2-802, an off-highway vehicle may not be operated by any person for off-road recreation on public lands in Montana unless there is displayed in a conspicuous place a decal, in a form prescribed by the department of justice and issued by the county treasurer, as visual proof that the following fees have been paid for the current year:

(a) (i) the fee in lieu of tax provided for in 23-2-803; and

(ii) the registration fee provided for in ~~23-2-817~~ 61-3-321; or

(b) when the vehicle will be used as provided in this section, the registration and taxation fees for motorcycles and quadricycles subject to licensure under 61-3-321, as evidenced by presentation of an owner's certificate of registration and payment receipt~~; and~~

~~(c) the off-highway decal fee provided for in this section~~.

(2) The decal will be serially numbered and have the expiration date of December 31 of the appropriate year printed thereon.

~~(3) The off-highway decal fee is $5, which the county treasurer shall collect and transmit to the state treasurer, who shall deposit the money in an interest-bearing account in the state special revenue fund to the credit of the department of fish, wildlife, and parks. The decal fee and the interest and income to the account must be spent as follows:~~

~~(a) 40% must be used to enforce the provisions of this section, and~~

~~(b) 60% must be spent to develop and implement a comprehensive program and to plan appropriate off-highway vehicle recreation use except that:~~

~~(i) no money may be spent for this purpose before January 1, 1991, and~~

~~(ii) evaluation for development of a program plan must begin January 1, 1991.~~""

Renumber: subsequent sections

79. Page 151, line 3.

Insert: "Section 139. Section 23-2-811, MCA, is amended to read:

"23-2-811. Certificate of ownership -- procedure -- fee -- filing security interest. (1) An off-highway vehicle may not be operated upon any public lands, trails, easements, lakes, rivers, or streams unless a certificate of ownership has first been obtained from the department of justice.

(2) The owner of an off-highway vehicle shall apply for a certificate of ownership to the county treasurer of the county in which the owner resides, on a form furnished by the department of justice for that purpose. The form must include:

(a) the name of the owner;

(b) the residence of the owner, by town and county;

(c) the business address or home mailing address of the owner;

(d) the name and address of any lienholder;

(e) the amount due under any contract, mortgage, or lien;

(f) the name of the manufacturer;

(g) the model number or name;

(h) the identification number; and

(i) the name and address of the dealer or other person from whom the off-highway vehicle was acquired.

(3) The application must be signed by at least one owner or by a properly authorized agent of the owner.

(4) The application for a new certificate of ownership must be accompanied by the immediately previous certificate. This subsection does not apply to off-highway vehicles that are purchased as new and unused machines or that were operated before January 1, 1990.

(5) (a) After the owner completes the application form, the county treasurer shall issue to the applicant two copies of the completed application, with one marked "file copy", and shall forward one copy and the original application to the department of justice. The department of justice shall enter the information contained in the application upon the corresponding records of its office and shall send the applicant a certificate of ownership containing a permanent ownership number and information from the application considered necessary by the department of

justice.

(b) The certificate of ownership is not required to be renewed annually and is valid as long as the person holding it owns the off-highway vehicle.

(6) The owner shall at all times retain possession of the certificate of ownership, except when it is being transmitted to and from the department of justice for endorsement or cancellation.

(7) Upon application for a certificate of ownership, a fee of $5 must be paid to the county treasurer, ~~of~~ which~~:~~

~~(a) $3.50~~ must be forwarded to the department of justice for deposit in the general fund~~; and~~

~~(b) $1.50 must be retained by the county treasurer for the cost of administering this section~~.

(8) The department of justice may not file a voluntary security interest or lien unless it is accompanied by or specified in the application for a certificate of ownership of the encumbered off-highway vehicle. If the approved lien notice is transmitted to the department of justice, the security agreement or other lien instrument that creates the security interest must be retained by the secured party. A copy of the security agreement is sufficient as a lien notice if it contains the name and address of the debtor and the secured party, a complete description of the off-highway vehicle, the amount of the lien, and the signature of the debtor. The department of justice shall file voluntary security interests and liens by entering the name and address of the secured party upon the face of the certificate of ownership. Involuntary liens must be filed against the record of the off-highway vehicle encumbered. The department of justice shall mail a statement certifying the filing of a security interest or lien to the secured party. The department of justice shall mail the certificate of ownership to the owner at the address given on the certificate. However, if the transfer of ownership and filing of the security interest are paid for by a creditor or secured party, the department of justice shall return the certificate of ownership to the county treasurer of the county where the vehicle is to be registered. The owner of an off-highway vehicle is the person entitled to operate and possess the vehicle.

(9) A security interest in an off-highway vehicle held as inventory by a dealer must be perfected in accordance with Title 30, chapter 9.

(10) Whenever a security interest or lien is filed against an off-highway vehicle that is subject to two or more security interests previously perfected under this section, the department of justice shall endorse on the face of the certificate of ownership: "Notice. This off-highway vehicle is subject to additional security interests on file with the Department of Justice." Other information regarding the additional security interests need not be endorsed on the certificate.

(11) Satisfaction or statements of release filed with the department of justice under this section must be retained for a period of 8 years from the date of receipt, after which they may be destroyed.

(12) Except as provided in subsection (13), a voluntary security interest or lien is perfected on the date the lien

notice is delivered to the county treasurer. On that date, the county treasurer shall issue to the secured party a receipt evidencing the perfection. Perfection under this section constitutes constructive notice to subsequent purchasers or encumbrancers, from the date of delivery of the lien notice to the county treasurer, of the existence of the security interest.

(13) Voluntary security interests or lien filings that do not require transfer of ownership are perfected on the date the lien notice and the certificate of ownership or manufacturer's statement of origin are received by the department of justice. On that date, the department shall issue to the secured party a receipt evidencing the perfection. Perfection under this subsection constitutes constructive notice to subsequent purchasers or encumbrancers, from the date the lien notice is delivered to the department, of the existence of the security interest.

(14) Upon default under a chattel mortgage or conditional sales contract covering an off-highway vehicle, the mortgagee or vendor has the same remedies as in the case of other personal property. In the case of attachment of an off-highway vehicle, the provisions of 27-18-413, 27-18-414, and 27-18-814 are applicable, except that deposits must be made with the department of justice.

(15) A conditional sales vendor, chattel mortgagee, or assignee who fails to file a satisfaction of a chattel mortgage, assignment, or conditional sale contract within 15 days after receiving final payment shall pay to the department of justice the sum of $1 for each day after the expiration of the 15-day period that the person fails to file the satisfaction.

(16) Upon receipt of notice of any involuntary liens or attachments against the record of an off-highway vehicle in this state, the department of justice shall within 24 hours mail to the owner, conditional sales vendor, mortgagee, or their assignee a notice of the lien, showing the date of execution of the lien and, in the case of attachment, the full title of the court, the action, and the name of the attorney for the plaintiff or the name of the attaching creditor, or both.

(17) It is not necessary to refile with the department of justice instruments on file in the offices of the county clerk and recorders at the time this law takes effect.

(18) A fee of $4 must be paid to the department of justice to file a security interest or other lien against an off-highway vehicle. The $4 fee includes and covers the cost of filing a satisfaction or release of the security interest and also the cost of entering the satisfaction or release on the records of the department of justice and deleting the endorsement of the security interest from the face of the certificate of ownership. A fee of $4 must be paid to the department of justice for issuing a certified copy of a certificate of ownership subject to a security interest or other lien on file in the office of the department of justice or for filing an assignment of a security interest or other lien on file with the department of justice. All fees provided for in this section must be paid to the county treasurer for deposit in the state general fund in accordance with 15-1-504.""

Renumber: subsequent sections

80. Page 152, line 18.
Insert: "Section 140. Section 23-2-812, MCA, is amended to read:
"23-2-812. Transfer of interest. (1) To transfer a certificate of ownership for an off-highway vehicle registered under 23-2-817, the person whose title or interest is to be transferred shall endorse the certificate of ownership in the appropriate space on the reverse side of the certificate and must have the signature acknowledged before a notary public.
(2) (a) Within 20 calendar days after the date of notarization, the transferee shall apply to the county treasurer of the county in which the transferee resides for:
(i) transfer of the endorsed certificate of ownership;
(ii) registration of the off-highway vehicle; and
(iii) issuance of a decal as required by 23-2-804.
(b) The county treasurer shall forward the application and the original certificate of ownership to the department of justice, which shall file the application upon receipt.
(c) A certificate of ownership may not be issued by the department until the outstanding certificates are surrendered to that office or their loss is established.
(d) The county treasurer shall collect a fee of $5 for each application for transfer of ownership, ~~of~~ which~~:~~
~~(i) $3.50~~ must be forwarded to the department of justice for deposit in the general fund~~; and~~
~~(ii) $1.50 must be retained by the county treasurer for the cost of administering this section~~.
(3) To effect by operation of law a transfer of interest in an off-highway vehicle, the provisions of 61-3-201(3) are applicable.
(4) (a) A person who purchases a new or used off-highway vehicle from an off-highway vehicle dealer licensed under 23-2-818 shall, within 20 calendar days after the purchase date, apply to the county treasurer of the county in which the person resides for:
(i) a certificate of ownership;
(ii) registration of the off-highway vehicle; and
(iii) a decal as required by 23-2-804.
(b) During this period, the sticker provided for in subsection (6) must remain affixed to the off-highway vehicle.
(5) It is not a violation of this part for a purchaser to operate a newly acquired off-highway vehicle without a certificate of ownership, a certificate of registration, and a decal during the first 20 days of ownership.
(6) Prior to the delivery of the off-highway vehicle to the purchaser, the dealer shall issue and affix to the off-highway vehicle a sticker, in a form to be prescribed by the department of justice, containing the name and address of the purchaser, the date of sale, the name and address of the dealer, and a description of the off-highway vehicle, including its identification number. The dealer shall keep a copy of the sticker for the dealer's records and shall send a copy of the sticker to the department of justice.
(7) The provisions of subsection (2) do not apply to the transfer of an off-highway vehicle to an off-highway vehicle

dealer licensed under 23-2-818 who intends to resell the vehicle and who operates it only for demonstration purposes. Every dealer, upon a transfer of interest, shall deliver the certificate of ownership with an application for a new certificate executed by the new owner in accordance with the provisions of this part. The department of justice, upon receipt of the certificate of ownership and application for a new certificate, together with the conditional sales contract or other lien, if any, shall issue a new certificate of ownership showing the name of the lienholder and the amount due under the contract, mortgage, or lien as required by 23-2-811(2)(d) and (2)(e).""

Renumber: subsequent sections

81. Page 153, line 18.

Insert: "Section 141. Section 23-2-814, MCA, is amended to read:

"23-2-814. Nonresident temporary-use permits ~~-- use of fees~~. (1) An off-highway vehicle that is owned by a nonresident and that is not registered in another state of the United States or in another country may not be operated by a person in Montana unless a nonresident temporary-use permit is obtained.

(2) The requirements pertaining to a nonresident temporary-use permit for an off-highway vehicle are as follows:

(a) Application for the issuance of the permit must be made at locations and upon forms prescribed by the department of fish, wildlife, and parks. The forms must include but are not limited to:

(i) the applicant's name and permanent address;

(ii) the make, model, year, and serial number of the off-highway vehicle; and

(iii) an affidavit declaring the nonresidency of the applicant.

(b) Upon submission of the application and a fee of $5, a nonresident off-highway vehicle temporary-use sticker must be issued. The sticker must be displayed in a conspicuous manner on the off-highway vehicle. The sticker is the temporary-use permit.

(3) The temporary-use permit is valid for the calendar year designated on the permit.

(4) The permit is not proof of ownership, and a certificate of ownership may not be issued.

(5) All money collected by payment of fees under this section must be transmitted to the state treasurer, who shall deposit the money in the ~~account created under 23-2-804(3)~~ state general fund. ~~The money collected by payment of fees under this section must be spent as follows:~~

~~(a) 40% to be used in administering this section; and~~

~~(b) 60% to be used to plan, develop, and implement a comprehensive program for appropriate off-highway vehicle recreation use.~~

(6) Failure to display the permit as required by this section or making false statements in obtaining the permit is a misdemeanor and is punishable by a fine of not less than $25 or more than $100. All fines collected under this section must be transmitted to the state treasurer, who shall deposit the money in the ~~account created under 23-2-804(3)~~ state general fund.

~~Fifty percent of this money and the interest earned on it must be used for off-highway vehicle safety and education. The remaining 50% of the money and the interest earned on it must be used for enforcement.~~""

Renumber: subsequent sections

82. Page 156, line 8.

Insert: "Section 142. Section 23-2-818, MCA, is amended to read:

"23-2-818. Dealer registration certificate ~~-- use of fees~~. (1) (a) Unless the dealer is licensed under the provisions of 61-4-101, a dealer may not sell off-highway vehicles unless the dealer has first obtained a dealer registration certificate from the department of justice under the provisions of this section.

(b) To qualify as a dealer the applicant, when registering or renewing a registration, shall:

(i) complete an application:

(A) stating the name under which the business is to be conducted and the location of the premises (street address, city, county, and state) where records are kept, sales are made, and stock is displayed;

(B) stating the name, address, date of birth, and social security number of all owners or persons having an interest in the business, provided that in the case of a corporation, the names and addresses of the president and secretary are sufficient;

(C) identifying other dealerships owned by the applicant, identifying all persons in Montana or in another state having an interest in another dealership owned by the applicant, and disclosing whether the applicant or any other person with interest in a dealership owned by the applicant has been convicted of a felony; and

(D) stating the name and make of all off-highway vehicles handled and the name and address of the manufacturer, importer, or distributor with whom the applicant has a written franchise or sales agreement;

(ii) provide an affidavit certifying that the applicant has acquired and shall maintain liability insurance for any off-highway vehicle offered for demonstration or loan to a customer;

(iii) execute a certificate to the effect that the applicant has a permanent building for the display and sale of off-highway vehicles at the location of the premises where sales are conducted;

(iv) execute a certificate to the effect that the applicant has a bona fide service department for the repair, service, and maintenance of off-highway vehicles; and

(v) execute a certificate to the effect that the applicant is a bona fide dealer in off-highway vehicles and that the dealer is recognized by a manufacturer, importer, or distributor as a dealer in off-highway vehicles.

(2) The dealer application for registration or renewal of registration must be accompanied by an application or renewal fee of $5 and a registration fee of $5. To qualify for the fees in this subsection, the applicant for renewal shall certify that the applicant has sold three or more off-highway vehicles during the

preceding year. Upon receipt of the dealer application or renewal and payment of fees, the dealer must be issued two dealer off-highway identification cards to be carried by the dealer or the dealer's customer when demonstrating the dealer's off-highway vehicles. Additional dealer off-highway vehicle identification cards may be purchased by the dealer from the department of justice for a fee of $2 each.

(3) (a) A dealer shall file a bond in the amount of $5,000.

(b) The bond must be conditioned that the applicant shall conduct business in accordance with the requirements of the law. The bond must run to the state of Montana, must be approved by the department and filed in its office, and must be renewed annually.

(c) A person who suffers loss or damage because of the unlawful conduct of a dealer registered under this section shall obtain a judgment from a court of competent jurisdiction prior to collecting on the bond. Before payment on the bond is required, the judgment must determine a specific loss or damage amount and conclude that the dealer's unlawful operation caused the loss or damage.

(4) The dealer shall have a principal place of business where the dealer maintains all business records and where the dealer displays and sells merchandise.

(5) An applicant for renewal of an off-highway vehicle dealer registration who does not qualify under subsection (2) shall:

(a) pay an additional $50 renewal registration fee; and

(b) provide a copy of a new off-highway vehicle franchise or sales agreement that the applicant has with a manufacturer, importer, or distributor.

(6) Dealer registration certificates and identification cards expire on December 31 following the date of issuance.

(7) (a) The dealer application fees and all interest accruing from use of this money must be deposited in the general fund to be used by the department of justice for the administration of this part.

(b) All dealer registration fees and renewal fees collected must be deposited in the ~~account provided in 23-2-804(3). This money and the interest earned on it must be used for off-highway vehicle safety and education programs~~ state general fund.""

Renumber: subsequent sections

83. Page 159, line 26.

Insert: "Section 143. Section 23-5-610, MCA, is amended to read:

"23-5-610. (Temporary) Video gambling machine gross income tax -- records -- distribution -- quarterly statement and payment. (1) A licensed machine owner shall pay to the department a video gambling machine tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the

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amounts stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine on December 31, 2000;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to December 31, 2003, for conversion of the video gambling machine to make it compatible with the automated system.

(b) The amount of the tax credit allowed under subsection (2)(a) is $250 for each video gambling machine or the actual hardware and software cost necessary for conversion of the video gambling machine to the automated accounting and reporting system, whichever is less.

(3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected to the automated accounting and reporting system authorized by 23-5-637.

(4) A licensed machine owner shall keep a record of the gross income from each video gambling machine issued a permit under this part in the form the department requires. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(5) (a) For each video gambling machine issued a permit under this part but not connected to the department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after the end of each quarter and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The statement must contain other relevant information that the department requires.

(b) For each video gambling machine issued a permit under this part that is connected to the department's automated accounting and reporting system, the department shall, within 5 working days after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement showing the total gross income from the video gambling machine, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit the total amount due the state under this subsection within 25 days after the end of each quarter.

(6) ~~(a)~~ Except as provided in subsection (7), the department shall, in accordance with the provisions of 15-1-501, forward ~~one-third of~~ the tax collected under subsection (5) to the general fund.

~~(b) The department shall, in accordance with the provisions~~

~~of 15-1-501, forward the remaining two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling machines located in incorporated cities and towns. The two-thirds local government portion of tax collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for deposit to the county or municipal treasury.~~

(7) Receipts from the ~~state's share of~~ taxes collected under this section are pledged and dedicated to guarantee repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)

23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- records -- distribution -- quarterly statement and payment. (1) A licensed machine owner shall pay to the department a video gambling machine tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine on December 31, 2000;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to December 31, 2003, for conversion of the video gambling machine to make it compatible with the automated system.

(b) The amount of the tax credit allowed under subsection (2)(a) is $250 for each video gambling machine or the actual hardware and software cost necessary for conversion of the video gambling machine to the automated accounting and reporting system, whichever is less.

(3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the quarter or quarters

that begin after the video gambling machine for which the tax credit is claimed is connected to the automated accounting and reporting system authorized by 23-5-637.

(4) A licensed machine owner shall keep a record of the gross income from each video gambling machine issued a permit under this part in the form the department requires. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(5) (a) For each video gambling machine issued a permit under this part but not connected to the department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after the end of each quarter and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The statement must contain other relevant information that the department requires.

(b) For each video gambling machine issued a permit under this part that is connected to the department's automated accounting and reporting system, the department shall, within 5 working days after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement showing the total gross income from the video gambling machine, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit the total amount due the state under this subsection within 25 days after the end of each quarter.

(6) ~~(a)~~ The department shall, in accordance with the provisions of 15-1-501, forward ~~one-third of~~ the tax collected under subsection (5) to the general fund.

~~(b) The department shall, in accordance with the provisions of 15-1-501, forward the remaining two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling machines located in incorporated cities and towns. The two-thirds local government portion of tax collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for deposit to the county or municipal treasury.~~""

Renumber: subsequent sections

84. Page 164, line 2.

Insert: "Section 144. Section 25-1-201, MCA, is amended to read:

"25-1-201. Fees of clerk of district court. (1) The clerk of the district court shall collect the following fees:

(a) at the commencement of each action or proceeding, except a petition for dissolution of marriage, from the plaintiff or petitioner, $90; for filing a complaint in intervention, from the intervenor, $80; for filing a petition for dissolution of marriage, $160; for filing a petition for legal separation, $150; and for filing a petition for a contested amendment of a final

parenting plan, $120;

(b) from each defendant or respondent, on appearance, $60;

(c) on the entry of judgment, from the prevailing party, $45;

(d) for preparing copies of papers on file in the clerk's office, 50 cents a page for the first five pages of each file, for each request, and 25 cents for each additional page;

(e) for each certificate, with seal, $2;

(f) for oath and jurat, with seal, $1;

(g) for a search of court records, 50 cents for each year searched, not to exceed a total of $25;

(h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts, the fee for entry of judgment provided for in subsection (1)(c);

(i) for issuing an execution or order of sale on a foreclosure of a lien, $5;

(j) for transmission of records or files or transfer of a case to another court, $5;

(k) for filing and entering papers received by transfer from other courts, $10;

(l) for issuing a marriage license, $30;

(m) on the filing of an application for informal, formal, or supervised probate or for the appointment of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from the applicant or petitioner, $70, which includes the fee for filing a will for probate;

(n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative of the estate of a nonresident decedent, $55;

(c) for filing a declaration of marriage without solemnization, $30;

(p) for filing a motion for substitution of a judge, $100;

(q) for filing a petition for adoption, $75.

(2) ~~Except as provided in subsections (3) through (11), 32% of all~~ Except as provided in subsections (3), (5), and (6), all fees collected by the clerk of the district court must be deposited in ~~and credited to the district court~~ the state general fund. ~~If no district court fund exists, that portion of the fees must be deposited in the general fund for district court operations. The remaining portion of the fees must be remitted to the state general fund.~~

~~(3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage without solemnization, $23.60 must be deposited in and credited to the state general fund and $6.40 must be deposited in and credited to the county general fund.~~

~~(4) (a) Of the fee for filing a petition for dissolution of marriage, $75 must be deposited in the state general fund, $5 must be deposited in the children's trust fund account established in 41-3-702, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714, $30 must be deposited in the partner and family member assault intervention and treatment fund established in 40-15-110, and $21 must be deposited in and credited to the district court fund. If no district court fund exists, the $21 must be deposited in the general fund for district court~~

~~operations.~~

~~(b) Of the fee for filing a petition for legal separation, $75 must be deposited in the state general fund, $5 must be deposited in the children's trust fund account established in 41-3-702, $30 must be deposited in the partner and family member assault intervention and treatment fund established in 40-15-110, and $20 must be deposited in and credited to the district court fund. If no district court fund exists, the $20 must be deposited in the general fund for district court operations.~~

~~(5) (a) Before the percentages contained in subsection (2) are applied and the fees deposited in the district court fund or the county general fund or remitted to the state, the clerk of the district court shall deduct from the following fees the amounts indicated:~~

~~(i) at the commencement of each action or proceeding and for filing a complaint in intervention, as provided in subsection (1)(a), $35;~~

~~(ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), $25;~~

~~(iii) on the entry of judgment, as provided in subsection (1)(c), $15; and~~

~~(iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as provided in subsection (1)(m), $15.~~

~~(b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the county general fund for district court operations unless the county has a district court fund. If the county has a district court fund, the money must be deposited in that fund.~~

~~(6) The fee for filing a motion for substitution of a judge, as provided in subsection (1)(p), must be remitted to the state general fund.~~

~~(7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court fund. If no district court fund exists, fees must be deposited in the general fund for district court operations.~~

~~(8) The clerk of the district court shall remit to the credit of the state general fund $20 of each fee collected under the provisions of subsections (1)(a) through (i)(c), (1)(m), and (1)(n) to fund a portion of judicial salaries.~~

~~(9) (a) The fee for filing a petition for a contested amendment of a parenting plan must be remitted by the clerk of the district court to the credit of the district court to defray the costs of the court-sanctioned educational program concerning the effects of dissolution of marriage on children, as required in 40-4-226, and to defray the expense of education when ordered for the investigation and preparation of a report concerning parenting arrangements, as provided in 40-4-215(2)(a).~~

~~(b) If the moving party files a statement signed by the nonmoving party agreeing not to contest an amendment of a final parenting plan at the time the petition for amendment is filed, the clerk of the district court may not collect from the moving party the fee for filing a petition for a contested amendment of a parenting plan under subsection (1)(a).~~

~~(10) The clerk of district court shall remit to the credit~~

~~of the special revenue account established in 42-2-105 $70 of the filing fee required in subsection (1)(q), and $5 of the filing fee must be deposited in the district court fund. If no district court fund exists, fees must be deposited in the general fund for district court operations.~~

~~(11) Of the fee for filing an action or proceeding, except a petition for dissolution of marriage, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714 and $1 must be deposited in and credited to the district court fund for mitigation of administrative costs incurred by the court in the collection of the fee. If a district court fund does not exist, the $1 must be deposited in the county general fund for district court operations.~~

(3) Of the fee for filing a petition for dissolution of marriage, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714.

(4) If the moving party files a statement signed by the nonmoving party agreeing not to contest an amendment of a final parenting plan at the time the petition for amendment is filed, the clerk of district court may not collect from the moving party the fee for filing a petition for a contested amendment of a parenting plan under subsection (1)(a).

(5) Of the fee for filing an action or proceeding, except a petition for dissolution of marriage, $9 must be deposited in the civil legal assistance for indigent victims of domestic violence account established in 3-2-714.

(6) The fees collected under subsections (1)(d), (1)(g), and (1)(j) must be deposited in the county district court fund. If a district court fund does not exist, the fees must be deposited in the county general fund for district court operations.""

Renumber: subsequent sections

85. Page 167, line 2.

Insert: "Section 146. Section 40-4-215, MCA, is amended to read:

"40-4-215. Investigations and reports. (1) If a parent or a court-appointed third party requests, or if the court finds that a parenting proceeding is contested, the court may order an investigation and report concerning parenting arrangements for the child. The investigator may be the child's guardian ad litem or other professional considered appropriate by the court. The department of public health and human services may not be ordered to conduct the investigation or draft a report unless the person requesting the investigation is a recipient of cash assistance under the temporary assistance for needy families block grant, FAIM financial assistance, as defined in 53-2-902, food stamps, or public assistance and all reasonable options for payment of the investigation, if conducted by a person not employed by the department, are exhausted. The department may consult with any investigator and share information relevant to the child's best interests. The cost of the investigation and report must be paid according to the final order. ~~The cost of the educational evaluation under subsection (2)(a) must be paid from the fees for~~

~~filing petitions for contested amendment of a parenting plan, as provided in 25-1-201(9).~~

(2) The court shall determine, if appropriate, the level of evaluation necessary for adequate investigation and preparation of the report, which may include one or more of the following:

(a) parenting education;

(b) mediation pursuant to 40-4-301;

(c) factfinding by the investigator; and

(d) psychological evaluation of the parties.

(3) In preparing a report concerning a child, the investigator may consult any person who has information about the child and the child's potential parenting arrangements. Upon order of the court, the investigator may refer the child to professional personnel for diagnosis. Except as required for children 16 years of age or older, the investigator may consult with and obtain information from medical, psychiatric, or other expert persons who have served the child in the past without obtaining the consent of the persons or entities authorized by law to grant or withhold access to the records. The child's consent must be obtained if the child has reached ~~the age of~~ 16 years of age unless the court finds that the child lacks mental capacity to consent. If the requirements of subsection (4) are fulfilled, the investigator's report may be received in evidence at the hearing.

(4) The court shall mail the investigator's report to counsel and to any party not represented by counsel at least 10 days prior to the hearing. When consistent with state and federal law, the investigator shall make available to counsel and to any party not represented by counsel the investigator's file of underlying data and reports, complete texts of diagnostic reports made to the investigator pursuant to the provisions of subsection (3), and the names and addresses of all persons whom the investigator has consulted. Any party to the proceeding may call the investigator and any person the investigator has consulted for cross-examination. A party may not waive the right of cross-examination prior to the hearing. The results of the investigation must be included in the court record and may, without objection, be sealed.""

Renumber: subsequent sections

86. Page 167, line 15.

Insert: "Section 147. Section 40-4-226, MCA, is amended to read:

"40-4-226. Court-sanctioned educational program on effects of dissolution of marriage on children. (1) In a proceeding for dissolution of marriage involving a minor child or in a parenting plan proceeding involving a minor child, a court shall inform the parties, excluding the minor child, of available educational programs concerning the effects of dissolution of marriage on children and, if the court finds that it would be in the best interest of the minor child, shall order the parties to attend a court-sanctioned program. The program may be divided into sessions. The program must be educational in nature and may not be designed for individual therapy.

(2) The cost of ~~implementing~~ the court-sanctioned educational program for each district court, provided for in

subsection (1), ~~must be paid from the fees for filing petitions for contested amendment of a parenting plan, provided for in 25-1-201(9). Costs~~ may include parenting evaluation and guardian ad litem services.""
Renumber: subsequent sections

87. Page 168, line 11.
Insert: "Section 148. Section 41-3-1122, MCA, is amended to read:

"**41-3-1122. Payment for support of youth in need of care, youth in need of intervention, or delinquent youth -- ~~reimbursement by county~~.** (1) Whenever a youth who is a youth in need of care, a youth in need of intervention, or a delinquent youth is placed by the department of public health and human services or the department of corrections in a youth care facility, the department making the placement shall pay, within the limits of the appropriation for that purpose, a foster care payment to the youth care facility at a rate established by the department of public health and human services for the youth's board, clothing, personal needs, treatment, and room.

~~(2) On or before the 20th of each month, the department of public health and human services or the department of corrections shall present a claim to the county of residence of the youth for no more than one-half of the nonfederal share of the payments made during the month. The county shall make reimbursement to the department within 20 days after the claim is presented.~~

~~(3) Except as provided in subsection (4), when a county's level of expenditure for any year reaches the level of reimbursement for foster care in fiscal year 1987, the county has no further obligation for foster care expenditures.~~

~~(4) If a county's level of expenditure for foster care in fiscal year 1987 was $10,000 or less, the county's level of expenditure for purposes of determining the county's reimbursement specified in subsection (3) is the level of expenditures for fiscal year 1987 or the average of expenditures for fiscal years 1984 through 1987, whichever is less.~~

~~(5) A county that was state-assumed prior to 1987 but that at a later date reassumes responsibility pursuant to 53-2-811 is responsible for reimbursement of foster care expenditures up to the county's calculated level of expenditures for fiscal year 1987 as if the county had not been state-assumed.~~

~~(6)~~(2) The department shall conduct or arrange for the review required under 41-3-1115~~,~~ or, when applicable, under 41-3-1010 of a youth placed in a youth care facility if the youth is placed by the department.""
Renumber: subsequent sections

88. Page 168, line 26.
Insert: "Section 149. Section 42-2-105, MCA, is amended to read:

"**42-2-105. Fees for services -- special revenue account -- statutory appropriation.** (1) The department shall establish fees that it may charge and that are reasonably related to the cost incurred by the department in completing or contracting for adoption services.

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(2) The department may contract with licensed social workers or licensed child-placing agencies for the purposes of completing the preplacement or postplacement evaluation or for providing postplacement supervision.

(3) An agency contracting to perform the services may set and charge a reasonable fee commensurate with the services provided.

(4) There is an adoption services account in the state special revenue fund. The fees collected by the department under this title ~~and from the district court filing fee pursuant to 25-1-201(1)(q)~~ must be deposited into this account and may be used by the department for adoption services. The money in the account is statutorily appropriated, as provided in 17-7-502, to the department.""

Renumber: subsequent sections

89. Page 170, line 9.

Insert: "Section 152. Section 52-6-105, MCA, is amended to read:

"52-6-105. Funding. ~~(1) Revenue from the marriage license fee and the fee collected for filing a declaration of marriage without solemnization is the primary source of funding for the battered spouses and domestic violence program. The disposition of the marriage license fee is as established in 25-1-201.~~

~~(2)~~ Twenty percent of the operational costs of a battered spouses and domestic violence program must come from the local community served by the program. The local contribution may include in-kind contributions.""

Renumber: subsequent sections

90. Page 170, line 19.

Insert: "Section 153. Section 53-2-207, MCA, is amended to read:

"53-2-207. Power of department in administering state and federal funds. In administering or supervising any state or federal funds appropriated or made available to the department for public assistance purposes, the department has the authority to:

~~(1) require the county to bear the proportion of the total of local public assistance as is fixed by law relating to the assistance;~~

~~(2)~~ (1) make use of all legal processes to enforce the standards prescribed for public assistance purposes by the department; and

~~(3)~~ (2) require that each part of the public assistance laws be in effect in all counties of the state.""

Renumber: subsequent sections

91. Page 170, line 30.

Insert: "Section 154. Section 53-2-301, MCA, is amended to read:

"53-2-301. County ~~departments~~ offices of public assistance to be established. There ~~shall~~ must be established in each county of the state~~, except in a county that has transferred its public assistance and protective services responsibilities to the state under the provisions of part 8 of this chapter, a county~~

~~department of public welfare, which shall consist of a county board of public welfare and such staff personnel as may be necessary for the efficient performance of the~~ one or more local offices of public assistance ~~activities of the county~~. If conditions warrant ~~and if two or more county boards enter into an agreement~~, two or more counties may ~~combine~~ be combined into one administrative unit and the department may use the same local office of public assistance and staff ~~personnel throughout the administrative unit~~ to administer public assistance in the combined counties.""

Renumber: subsequent sections

92. Page 173, line 19.

Insert: "Section 155. Section 53-2-304, MCA, is amended to read:

"53-2-304. (Temporary) Staff ~~personnel~~ of county department. (1) Each county board shall select and appoint, from a list of qualified persons furnished by the department, staff ~~personnel~~ that ~~are~~ is necessary. The staff ~~personnel~~ in each county must consist of at least one qualified staff worker or investigator and clerks and stenographers that may be necessary. If conditions warrant, the county board, with the approval of the department, may appoint some fully qualified person listed by the department as supervisor of its staff ~~personnel~~. The staff ~~personnel~~ of each county department ~~are~~ is directly responsible to the county board, but the department ~~of public health and human services~~ may supervise the county employees in respect to the efficient and proper performance of their duties. The county board of public welfare may not dismiss any member of the staff ~~personnel~~ without the approval of the department. The department may request the county board to dismiss any member of the staff ~~personnel~~ for inefficiency, incompetence, or similar cause. The final authority for dismissal is the county board. In counties where the department has assumed the administration of welfare duties, the final authority for dismissal is the director of the department.

~~(2) The department shall pay from state public assistance funds the salaries of public assistance staff personnel attached to a county board. The department shall also pay the travel expenses of those personnel, as provided in 2-18-501 through 2-18-503, when those personnel are away from the county seat in the performance of their duties. However, the county board shall reimburse the department from county poor funds for those salaries, travel expenses, and indirect costs and for the department's administrative costs allocated by the department to the county for the administration of county welfare programs, as follows:~~

~~(a) The county board shall reimburse the department 50% of all salaries, travel expenses, and allocated direct and indirect administrative costs attributable to cash assistance and emergency assistance programs created pursuant to Title 53, chapter 4. However, a county is not required to reimburse the department more for the salaries, travel expenses, indirect costs, and allocated administrative costs for 1 state fiscal year than the dollar amount that the county paid as its share of cash assistance and emergency assistance programs in 1996.~~

~~(b) The county board shall reimburse the department the full amount of salaries, travel expenses, and allocated direct and indirect administrative costs attributable to any public assistance program other than the cash assistance and emergency assistance programs created pursuant to Title 53, chapter 4, not reimbursed to the department by the federal government.~~

~~(3) All administrative costs of the county department of public welfare other than the costs described in subsections (2)(a) and (2)(b) must be paid from county poor funds.~~

~~(4) On or before the 20th day of the month following the month for which the payments to the public assistance staff personnel of the county were made, the department shall present to the county department of public welfare a claim for the required reimbursements. The county board shall make reimbursements within 20 days after the presentation of the claim, and the department of public health and human services shall credit all reimbursements to its account for administrative costs.~~

~~(5)~~(2) ~~If a county has transferred its public assistance and protective services responsibilities to the state under part 8 of this chapter, the~~ The department shall select, appoint, and supervise all necessary public assistance and protective services ~~personnel~~ staff, including if necessary a supervisor of staff ~~personnel~~. All personnel are directly responsible to the department. (Terminates June 30, 2001--sec. 6, Ch. 341, L. 1999.)

53-2-304. (Effective July 1, 2001) Staff ~~personnel~~ of county department. (1) Each county board shall select and appoint, from a list of qualified persons furnished by the department, ~~of public health and human services~~ staff ~~personnel~~ that ~~are~~ is necessary. The staff ~~personnel~~ in each county must consist of at least one qualified staff worker or investigator and clerks and stenographers that may be necessary. If conditions warrant, the county board, with the approval of the department ~~of public health and human services~~, may appoint some fully qualified person listed by the department as supervisor of its staff ~~personnel~~. The staff ~~personnel~~ of each county department ~~are~~ is directly responsible to the county board, but the department ~~of public health and human services~~ may supervise the county employees in respect to the efficient and proper performance of their duties. The county board of public welfare may not dismiss any member of the staff ~~personnel~~ without the approval of the department ~~of public health and human services~~. The department may request the county board to dismiss any member of the staff ~~personnel~~ for inefficiency, incompetence, or similar cause. The final authority for dismissal is the county board. In counties where the department has assumed the administration of welfare duties, the final authority for dismissal is the director of the department.

~~(2) Public assistance staff personnel attached to the county board must be paid from state public assistance funds both their salaries and their travel expenses as provided for in 2-18-501 through 2-18-503 when away from the county seat in the performance of their duties, but the county board of public welfare shall reimburse the department of public health and human services from county poor funds the full amount of the salaries and travel expenses not reimbursed to the department by the~~

~~federal government and the full amount of the department's administrative costs that are allocated by the department to the county for the administration of county welfare programs and not reimbursed to the department by the federal government. Under circumstances prescribed by the department of public health and human services, the reimbursement by the county board of public welfare may be less than the county share as prescribed in this subsection. All other administrative costs of the county department must be paid from county poor funds.~~

~~(3) On or before the 20th day of the month following the month for which the payments to the public assistance staff personnel of the county were made, the department of public health and human services shall present to the county department of public welfare a claim for the required reimbursements. The county board shall make reimbursements within 20 days after the presentation of the claim, and the department of public health and human services shall credit all reimbursements to its account for administrative costs.~~

~~(4)~~ (2) ~~If a county has transferred its public assistance and protective services responsibilities to the state under part 8 of this chapter, the~~ The department shall select, appoint, and supervise all necessary public assistance and protective services ~~personnel~~ staff, including if necessary a supervisor of staff ~~personnel~~. All personnel are directly responsible to the department.""

Renumber: subsequent sections

93. Page 177, line 17.

Insert: "Section 156. Section 53-2-612, MCA, is amended to read:

"53-2-612. Lien of department or county upon third-party recoveries. (1) Upon notice by the department, a county, or the recipient to a third party or the third party's insurer as provided in subsection (5)(b), the department or county has a lien upon all money paid by a third party or the third party's insurer in satisfaction of a judgment or settlement arising from a recipient's claim for damages or compensation for personal injury, disease, illness, or disability to the extent that the department or county has paid medical assistance on behalf of the recipient for the same personal injury, disease, illness, or disability.

(2) The department or county may, in the name of the recipient on whose behalf medical assistance has been paid by the department or county, commence and prosecute to final conclusion any action that may be necessary to recover from a third party or the third party's insurer compensation or damages for medical assistance paid by the department or county on behalf of the recipient. This section does not affect the right of the recipient to initiate and prosecute to final conclusion an action for damages or compensation in the recipient's own name in accordance with the provisions of this section.

(3) (a) The lien:

(i) applies to all money paid by a third party or a third party's insurer regardless of whether the recovery is allocated by the parties or a court to any particular type or element of damages; and

(ii) is subordinate to the lien of an attorney under 37-61-420.

(b) Unless specifically provided by law, the recipient's right to recover damages or compensation from a third party or a third party's insurer may not be reduced or denied on the ground that the recipient's costs of medical treatment and medical-related services have been paid by the department or county under any public assistance program.

(c) From the amount collected by the department, county, or recipient from legal proceedings or as a result of settlement, reasonable attorney fees and costs must be first deducted and paid. Unless the department or county and the recipient agree to a different settlement, the amount previously paid as medical assistance by the department or county, less a pro rata share of attorney fees and costs, must be deducted next and paid to the department or county. The remainder, if any, must be paid to the recipient.

(d) In all cases of payment to the department or county out of an amount collected from a third party or insurer on a recipient's claim, the amount of the lien must be reduced by a pro rata share of attorney fees and costs as provided in subsection (3)(c), but the department or county may not be required to participate in payment of attorney fees and costs unless the recipient's claim results in recovery out of which the department or county receives full or partial payment of its lien.

(e) Except as provided in subsections (3)(e)(i) and (3)(e)(ii), the department may not impose a lien under this section upon a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1, or upon the assets of a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1.

(i) The department may impose a lien under this section upon a self-sufficiency trust or upon the assets of a self-sufficiency trust established pursuant to Title 53, chapter 18, part 1, if the department is required by federal law to recover or collect from the trust or its assets as a condition of receiving federal financial participation for the medicaid program.

(ii) To the extent otherwise permitted by this section, the department is not precluded from asserting a claim or imposing a lien upon real or personal property prior to transfer of the property to the trust. If the department imposes a lien upon property prior to transfer to a self-sufficiency trust, any transfer of the property to the trust is subject to the lien.

(4) (a) A recipient of medical assistance or the recipient's legal representative shall notify the department or county by certified letter within 30 days if the recipient or the recipient's legal representative asserts a claim against a third party or a third party's insurer for damages or compensation for a personal injury, disease, illness, or disability for which the department or county paid medical assistance in whole or in part or for which the recipient has applied for medical assistance. The notice must be mailed to the director of the department or the director of the county department that paid medical assistance. At the same time, a copy must be sent by certified

mail to the third party or the third party's insurer.

(b) The notice must contain the following information:

(i) the name and address of the recipient and the recipient's legal representative, if any;

(ii) the name and address of the third party alleged to be liable to the recipient;

(iii) the name and address of any known insurer of the third party; and

(iv) the judicial district and docket number of any action filed.

(c) A recipient or the recipient's legal representative who has received actual notice that the department or county has paid medical assistance is liable to the department or county for the amount it is entitled to receive under this section if:

(i) the recipient or the recipient's legal representative fails to timely notify the department or county or fails to mail a copy of the notice to the third party or the third party's insurer; and

(ii) a third party or the third party's insurer that did not receive notice from the department or county as provided for in subsection (5)(b) pays the recipient or the recipient's legal representative without satisfying any lien of the department or county.

(5) (a) If a third party or the third party's insurer that has received notice of the department's or county's lien as provided for in subsection (5)(b) makes payment in whole or in part of the recipient's claim without first satisfying the lien of the department or county, the third party or the third party's insurer is liable to the department or county for the amount the department or county is entitled to receive under this section.

(b) For the purposes of subsection (5)(a), a third party or the third party's insurer has been given notice if:

(i) the department or county mails, by certified mail, to the third party or the third party's insurer:

(A) a statement of the medical assistance paid or that may be paid by the department or county on behalf of the recipient; and

(B) a claim for reimbursement;

(ii) the recipient or the recipient's legal representative mails, by certified mail, to the third party or the third party's insurer:

(A) a copy of the notice required by subsection (4)(a); or

(B) a statement stating that the recipient has applied for or has received medical assistance from the department or county in connection with the same claim; or

(iii) the recipient or the recipient's legal representative has commenced an action against the third party or the third party's insurer for damages or compensation for personal injury, disease, illness, or disability for which the department or county has paid or may pay medical assistance, in whole or in part, and the department or county files in the court in which the action is pending a notice of lien stating that a lien is claimed for medical assistance on any money paid in satisfaction of any judgment in or settlement of the action and that:

(A) medical assistance in a stated amount has been paid by the department or county on behalf of the recipient; or

(B) medical assistance may be paid on behalf of the recipient.

(6) As used in this section, the following definitions apply:

(a) "County" means a county ~~department of welfare in a county~~ that has ~~not transferred its public assistance responsibilities to the state under the provisions of Title 53, chapter 2, part 8~~ provided medical assistance to a recipient through an indigent assistance program operated at the option of the county.

(b) "Legal representative" means an attorney having or exercising authority on behalf of a recipient with respect to a claim or action to recover damages or compensation from a third party or a third party's insurer.

(c) "Recipient" means a person on whose behalf the department or a county has paid or may pay medical assistance for the cost of medical treatment and medical-related services for personal injury, disease, illness, or disability. If the context allows, the term includes a recipient's legal representative.

(d) "Third party" means an individual, institution, corporation, or public or private agency that is or may be liable to pay all or part of the cost of medical treatment and medical-related services for personal injury, disease, illness, or disability of a recipient of medical assistance from the department or a county and includes but is not limited to insurers, health service organizations, and parties liable or who may be liable in tort.""

Renumber: subsequent sections

94. Page 178, line 9.

Insert: "Section 157. Section 53-3-115, MCA, is amended to read:

"53-3-115. Legislative findings. (1) The legislature finds that in order to use the limited resources of the state for the purposes of providing public assistance to persons whom it has determined are in need, certain programs must be eliminated and the provision of public assistance programs must be reorganized for more efficient delivery of services.

(2) The legislature finds that county governments are in the best position to efficiently and effectively deliver services for those in need who are not otherwise eligible for similar services provided by the department of public health and human services.

(3) (a) The legislature finds that the needs of persons who are aged, infirm, or misfortunate are adequately and appropriately provided for through the following programs:

(i) medicaid;

(ii) aid for dependent children;

(iii) food stamps;

(iv) commodities; and

(v) low-income energy assistance.

(b) The legislature further finds that the counties may in their discretion provide other programs of public assistance that they determine are appropriate and that may be funded with money derived from ~~the~~ a county ~~poor fund~~ mill levy.

(4) The legislature finds that the effects of eliminating

the state program of general relief are not known and that the administration and financing of public assistance programs by each county may not provide uniform assistance throughout the state.""
Renumber: subsequent sections

95. Page 179, line 7.
Insert: "Section 158. Section 53-3-116, MCA, is amended to read:
"53-3-116. Indigent assistance -- optional county program. (1) A county may provide a program of indigent assistance that it determines necessary. The program may include assistance for food, clothing, shelter, transportation, and medical assistance for individuals not eligible for state or federal programs providing similar assistance. A county may provide for the burial, entombment, or cremation of indigents. The indigent assistance program of the county includes:
(a) job search, job training, work-for-assistance, and employment programs; and
(b) health care, preventive care, and wellness programs as determined by the county commissioners.
(2) A county may establish the criteria for determining eligibility for assistance, including but not limited to residency requirements, limits on income and resources, and the amount, scope, and duration of assistance.
(3) A county may deny assistance for a reasonable period if a person has voluntarily left employment without good cause or is discharged due to misconduct.
(4) The program may be funded with money derived from ~~the~~ a county ~~poor fund~~ mill levy ~~established in 53-2-322~~.
(5) A person is indigent for purposes of this subsection if the value of all income and resources available to pay for that person's burial, entombment, or cremation at the time of death is less than the negotiated amount due the funeral home or mortician for an indigent burial. Available income and resources may be determined by the county.
(6) A county may seek reimbursement under 40-6-303, if applicable, for costs paid under this section.
(7) A county may not deduct amounts that may be recovered from an adult child of a deceased indigent or recovered from resources of a deceased indigent from a contract amount due a funeral home or mortician for burial services provided under 7-4-2915 or this section. A funeral home or a mortician that recovers an amount in excess of a contract amount paid under this subsection shall reimburse the county for the amount recovered up to the amount of the contract.""
Renumber: subsequent sections

96. Page 181, line 26.
Insert: "Section 161. Section 61-1-102, MCA, is amended to read:
"61-1-102. Motor vehicle. "Motor vehicle" means a vehicle propelled by its own power and designed or used to transport persons or property upon the highways of the state. For the purpose of chapter 3, the term also includes trailers~~,~~ and semitrailers~~, and housetrailers~~. For the purpose of chapter 3,

parts 1 and 2, the term also includes campers. The term does not include a bicycle as defined in 61-1-123.""
Renumber: subsequent sections

97. Page 182, line 13.
Insert: "Section 162. Section 61-3-203, MCA, is amended to read:
"**61-3-203. Fee for original certificate of ownership and transfer of registration -- disposition.** ~~(1) Except as provided in subsection (2), a~~ A charge of $5 must be made for issuance of an original certificate of ownership of title and for a transfer of registration, which must be collected by the county treasurer. An additional fee of $2 must be paid for light vehicles, trucks and buses weighing less than 1 ton, and logging trucks. The fees must be ~~distributed as follows:~~
~~(a) The amount of $3.50 of each fee must be remitted to the department by the county treasurer, as provided in 15-1-504, for each application for original certificate of ownership or transfer of registration.~~
~~(b) Each March, the county commissioners of each county shall divide the fees retained by the county to:~~
~~(i) the city road fund of each city and town within the county based on the number of motor vehicles registered inside the corporate limits of each city or town; and~~
~~(ii) the county road fund based on the number of motor vehicles registered outside the corporate limits of cities and towns~~ deposited in the state general fund.
~~(2) Upon transfer of any interest in a used motor vehicle by a dealer, broker, or wholesaler as provided in 61-4-111(1), a charge of $5 must be paid to the department.~~""
Renumber: subsequent sections

98. Page 184, line 26.
Insert: "Section 163. Section 61-3-321, MCA, is amended to read:
"**61-3-321. Registration fees of vehicles -- certain vehicles exempt from license or registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or reregistration of motor vehicles, trailers, ~~housetrailers,~~ and semitrailers, in accordance with this chapter, as follows:
(a) ~~motor vehicles weighing 2,850 pounds or under (other than motortrucks), $5~~ light vehicles under 2,850 pounds, $13.75;
~~(b) motor vehicles weighing over 2,850 pounds (other than motortrucks), $10;~~
~~(c) electrically driven passenger vehicles, $10;~~
~~(d) all motorcycles and quadricycles, $2;~~
~~(e) tractors or trucks, $10;~~
~~(f) buses, which are classed as motortrucks, licensed accordingly;~~
~~(g)~~ (b) trailers with a declared weight of less than 2,500 pounds and semitrailers, ~~less than 2,500 pounds declared weight and housetrailers of all weights, $2~~ $8.25;
~~(h) trailers and semitrailers over 2,500 up to 6,000 pounds declared weight (except housetrailers), $5;~~
~~(i) trailers and semitrailers over 6,000 pounds declared~~

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~~weight, $10, except trailers and semitrailers registered in other jurisdictions through a proportional registration agreement;~~

~~(j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil and gas well machinery, road machinery, or bridge materials, new and secondhand, $15 annually, regardless of size or capacity~~

(c) motor vehicles registered pursuant to 61-3-411 that are:

(i) over 2,850 pounds, $10; and

(ii) under 2,850 pounds, $5;

(d) off-highway vehicles registered pursuant to 23-2-817, $9;

(e) light vehicles over 2,850 pounds, trucks and buses less than 1 ton, and heavy trucks in excess of 1 ton, $18.75;

(f) logging trucks less than 1 ton, $23.75;

(g) motor homes, $22.25;

(h) motorcycles and quadricycles, $9.75;

(i) trailers and semitrailers between 2,500 and 6,000 pounds, $11.25;

(j) trailers and semitrailers in excess of 6,000 pounds, $16.25;

(k) travel trailers, $11.75; and

(l) recreational vehicles, $3.50.

~~(2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with pneumatic tires.~~

~~(3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that is used for towing a trailer or semitrailer.~~

~~(4)~~(2) If a motor vehicle, ~~housetrailer,~~ trailer, or semitrailer is originally registered 6 months after the time of registration as set by law, the registration or license fee for the remainder of the year is one-half of the regular fee ~~except for trailers or semitrailers registered as provided in 61-3-721(6)~~.

~~(5) An additional fee of $5.25 a year for each registration of a vehicle, except trailers and semitrailers registered in other jurisdictions and registered through a proportional registration agreement, must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county treasurers to the state treasurer for deposit in the general fund. The department shall pay an amount equal to 25 cents from each motor vehicle registration fee from the general fund to the pension trust fund for payment of supplemental benefits provided for in 19-6-709.~~

(3) An additional fee of $5 must be collected for the registration of each motorcycle as a safety fee and must be deposited in the state motorcycle safety account provided for in 20-25-1002.

~~(6)~~(4) A fee of $2 for each set of new number plates must be collected when number plates provided for under 61-3-332(3) are issued. ~~Revenue from this fee must be deposited as provided in subsection (5).~~

~~(7)~~(5) The provisions of this part with respect to the payment of registration fees do not apply to and are not binding upon motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United States of America or any state, county,

city, or special district, as defined in 18-8-202.

[(6) (a) Except as provided in subsection (6)(b) and 61-3-562, a fee of 25 cents a year for each registration of a vehicle must be collected when a vehicle is registered or reregistered. The revenue derived from this fee must be forwarded by the county treasurer for deposit in the general fund for transfer to the credit of the senior citizens and persons with disabilities transportation services account provided for in [section 1 of Senate Bill No. 448].

(b) The following vehicles are not subject to the fee imposed in subsection (6)(a):

(i) trailers and semitrailers registered in other jurisdictions and registered through a proportional registration agreement; and

(ii) travel trailers, recreational vehicles, and off-highway vehicles registered pursuant to 23-2-817.]

~~(8)~~(7) The provisions of this section relating to the payment of registration fees or new number plate fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332, or 61-3-335.

~~(9)~~(8) A person qualifying under 61-3-332(10)(d) or 61-3-504 is exempt from the fees required under ~~subsections (1) and (5) of~~ this section.

(9) Except as otherwise provided in this section, revenue collected under this section must be deposited in the state general fund. (See compiler's comments for contingent termination of certain text.)""

Renumber: subsequent sections

99. Page 185, line 12.

Insert: "Section 164. Section 61-3-325, MCA, is amended to read:

"61-3-325. Vehicles subject to staggered registration -- fees and taxes -- disposition. (1) Any motor vehicle in the fleet that is subject to staggered registration under 61-3-313 through 61-3-316 may be registered as part of the fleet on the following fleet renewal date. The department of transportation shall collect the remaining fees and taxes due for the registration year after crediting the registrant for the period that was previously paid.

(2) (a) The department of transportation shall compute fees and taxes due on each motor vehicle in the fleet as provided in part 5 of this chapter, based on its domicile.

(b) The department of transportation shall also collect a registration fee of $7.50 for each motor vehicle in the fleet in lieu of the registration fee provided for in 61-3-321. The department shall retain $4.50 of each registration fee for administrative costs and forward the remaining $3 to the state treasurer for deposit in the general fund ~~in lieu of the fee provided in 61-3-321(5)~~.

(c) All fees and taxes must be paid no later than February 15 each year.

~~(d) The fees and taxes collected must be distributed by the department of transportation as provided in 61-3-321 and part 5 of this chapter, based on the domicile of each motor vehicle.~~""

Renumber: subsequent sections

100. Page 191, line 19.
Insert: "Section 165. Section 61-3-332, MCA, is amended to read:
"61-3-332. Number plates. (1) A motor vehicle that is driven upon the streets or highways of Montana must display both front and rear number plates, bearing the distinctive number assigned to the vehicle. The number plates are in 10 series: one series for owners of motorcars, one for owners of motor vehicles of the motorcycle or quadricycle type, one for trailers, one for trucks, one for dealers in vehicles of the motorcycle or quadricycle type that bears the distinctive letters "MCD" or the letters "MC" and the word "DEALER", one for franchised dealers in new motorcars (including trucks and trailers) or new and used motorcars (including trucks and trailers) that bears the distinctive letter "D" or the word "DEALER", one for dealers in used motorcars only (including used trucks and trailers) that bears the distinctive letters "UD" or the letter "U" and the word "DEALER", one for dealers in trailers and/or semitrailers (new or used) that bears the distinctive letters "DTR" or the letters "TR" and the word "DEALER", one for dealers in recreational vehicles that bears the distinctive letters "RV" or the letter "R" and the word "DEALER", and one for special license plates. All markings for the various kinds of dealers' plates must be placed on the number plates assigned to the dealer, in the position that the department designates.

(2) (a) All number plates for motor vehicles must be issued for a maximum period of 4 years, bear a distinctive marking, and be furnished by the state. In years when number plates are not issued, the department shall provide nonremovable stickers bearing appropriate registration numbers that must be affixed to the license plates in use.

(b) For light vehicles that are permanently registered as provided in 61-3-527 or 61-3-562, the department shall provide distinctive nonremovable stickers indicating that the vehicle is permanently registered. The stickers must be affixed to the license plates in use.

(3) (a) Subject to the provisions of this section, the department shall create a new design for number plates as provided in this section, and it shall manufacture the newly designed number plates for issuance after December 31, 1999, to replace at renewal, as required in 61-3-312 and 61-3-314, number plates that were displayed on motor vehicles before that date.

(b) Beginning January 1, 2000, the department shall manufacture and issue new number plates every 4 years.

(4) In the case of motorcars and trucks, plates must be of metal 6 inches wide and 12 inches in length. The outline of the state of Montana must be used as a distinctive border on the license plates, and the word "Montana" and the year must be placed across the plates. Registration plates must be treated with a reflectorized background material according to specifications prescribed by the department.

(5) The distinctive registration numbers must begin with a number one or with a letter-number combination, such as "A 1" or "AA 1", or any other similar combination of letters and numbers. The distinctive registration number or letter-number combination

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assigned to the vehicle must appear on the plate preceded by the number of the county and appearing in horizontal order on the same horizontal baseline. The county number must be separated from the distinctive registration number by a separation mark unless a letter-number combination is used. The dimensions of the numerals and letters must be determined by the department, and all county and registration numbers must be of equal height.

(6) For the use of exempt motor vehicles and motor vehicles that are exempt from the registration fee as provided in 61-3-560(2)(a), in addition to the markings provided in this section, number plates must bear the following distinctive markings:

(a) For vehicles owned by the state, the department may designate the prefix number for the various state departments. All numbered plates issued to state departments must bear the words "State Owned", and a year number may not be indicated on the plates because these numbered plates are of a permanent nature and will be replaced by the department only when the physical condition of numbered plates requires it.

(b) For vehicles that are owned by the counties, municipalities, and special districts, as defined in 18-8-202, organized under the laws of Montana and not operating for profit, and that are used and operated by officials and employees in the line of duty and for vehicles on loan from the United States government or the state of Montana to, or owned by, the civil air patrol and used and operated by officials and employees in the line of duty, there must be placed on the number plates assigned, in a position that the department may designate, the letter "X" or the word "EXEMPT". Distinctive registration numbers for plates assigned to motor vehicles of each of the counties in the state and those of the municipalities and special districts that obtain plates within each county must begin with number one and be numbered consecutively. Because these number plates are of a permanent nature, they are subject to replacement by the department only when the physical condition of the number plates requires it and a year number may not be displayed on the number plates.

(7) On all number plates assigned to motor vehicles of the truck and trailer type, other than tax-exempt trucks and tax-exempt trailers, there must appear the letter "T" or the word "TRUCK" on plates assigned to trucks and the letters "TR" or the word "TRAILER" on plates assigned to trailers and housetrailers. The letters "MC" or the word "CYCLE" must appear on plates assigned to vehicles of the motorcycle or quadricycle type.

(8) Number plates issued to a passenger car, truck, trailer, or vehicle of the motorcycle or quadricycle type may be transferred only to a replacement passenger car, truck, trailer, or motorcycle- or quadricycle-type vehicle. A registration or license fee may not be assessed upon a transfer of a number plate under 61-3-317 and 61-3-335.

(9) For the purpose of this chapter, the several counties of the state are assigned numbers as follows: Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4; Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8; Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12; Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt, 17; Beaverhead, 18; Chouteau, 19; Valley,

20; Toole, 21; Big Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera, 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30; Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34; Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38; Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42; Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46; Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson, 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum, 55; Lincoln, 56. Any new counties must be assigned numbers by the department as they may be formed, beginning with the number 57.

(10) Each type of special license plate approved by the legislature, except collegiate license plates authorized in 61-3-463, must be a separate series of plates, numbered as provided in subsection (5), except that the county number must be replaced by a nonremovable design or decal designating the group or organization to which the applicant belongs. Unless otherwise specifically stated in this section, the special plates are subject to the same rules and laws as govern the issuance of regular license plates, must be placed or mounted on a vehicle owned by the person who is eligible to receive them, and must be removed upon sale or other disposition of the vehicle. The special license plates must be issued to national guard members, former prisoners of war, persons with disabilities, reservists, disabled veterans, survivors of the Pearl Harbor attack, veterans of the armed services, national guard veterans, legion of valor members, or veterans of the armed services who were awarded the purple heart medal, who comply with the following provisions:

(a) (i) An active member of the Montana national guard may be issued special license plates with a design or decal displaying the letters "NG". The adjutant general shall issue to each active member of the Montana national guard a certificate authorizing the department to issue national guard plates, numbered in sets of two with a different number on each set, and the member shall surrender the plates to the department upon becoming ineligible to use them.

(ii) The department may issue national guard veteran plates, bearing a design or decal displaying the Montana national guard insignia and the words "National Guard veteran" and numbered in sets of two with a different number on each set, to an applicant who presents to the department a copy of certification of national guard retirement eligibility issued by the appropriate authorities for the applicant or the applicant's deceased spouse and who pays, in addition to all taxes and fees required by parts 3 and 5 of this chapter, a national guard veteran license plate fee of $10. The additional fee must be distributed in accordance with the provisions of subsection ~~(10)(f)(iii) and (10)(f)(iv)~~ (12).

(b) An active member of the reserve armed forces of the United States of America who is a resident of this state may be issued special license plates with a design or decal displaying the following: United States army reserve, AR (symbol); United States naval reserve, NR (anchor); United States air force reserve, AFR (symbol); and United States marine corps reserve, MCR (globe and anchor). The commanding officer of each armed forces reserve unit shall issue to each eligible member of the reserve unit a certificate authorizing the issuance of special

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license plates, numbered in sets of two with a different number on each set. The member shall surrender the plates to the department upon becoming ineligible to use them.

(c) (i) A resident of Montana who is a veteran of the armed forces of the United States and who is 100% disabled because of an injury that has been determined by the department of veterans affairs to be service-connected may, upon presentation to the department of proof of the 100% disability, be issued:

(A) a special license plate under this section with a design or decal displaying the letters "DV"; or

(B) one set of any other military-related plates that the disabled veteran is eligible to receive under this section.

(ii) The fee for original or renewal registration by a 100% disabled veteran for a passenger vehicle or a truck with a GVW-rated capacity of 1 ton or less is $5 and is in lieu of all other fees and taxes for that vehicle under this chapter.

(iii) Special license plates issued to a disabled veteran are not transferable to another person.

(iv) A disabled veteran is not entitled to a special disabled veteran's license plate for more than one vehicle.

(v) A vehicle lawfully displaying a disabled veteran's plate and that is conveying a 100% disabled veteran is entitled to the parking privileges allowed a person with a disability's vehicle under this title.

(d) A Montana resident who is a veteran of the armed forces of the United States and was captured and held prisoner by a military force of a foreign nation, documented by the veteran's service record, may upon application and presentation of proof be issued special license plates, numbered in sets of two with a different number on each set, with a design or decal displaying the words "ex-prisoner of war" or an abbreviation that the department considers appropriate.

(i) Fees required under 61-3-321(1) ~~and (5)~~ may not be assessed upon one set of license plates issued to an ex-prisoner of war under this subsection (10)(d).

(ii) A special license plate fee may not be assessed upon one set of special license plates issued to an ex-prisoner of war under this subsection (10)(d).

(iii) An ex-prisoner of war is exempt from the ~~light vehicle taxes~~ registration fees imposed under ~~61-3-504~~ 61-3-560 through 61-3-562 for one vehicle that displays a set of ex-prisoner of war license plates.

(iv) A surviving spouse of an ex-prisoner of war may retain the special license plates that have been issued to the ex-prisoner of war if the spouse complies with the provisions of 61-3-457.

(e) Except as provided in subsections (10)(c) and (10)(d), upon payment of all taxes and fees required by parts 3 and 5 of this chapter and upon furnishing proof satisfactory to the department that the applicant meets the requirements of this subsection (10)(e), the department shall issue to a Montana resident who is a veteran of the armed services of the United States special license plates, numbered in sets of two with a different number on each set, designed to indicate that the applicant is a survivor of the Pearl Harbor attack if the applicant was a member of the United States armed forces on

December 7, 1941, was on station on December 7, 1941, during the hours of 7:55 a.m. to 9:45 a.m. (Hawaii time) at Pearl Harbor, the island of Oahu, or was offshore at a distance of not more than 3 miles, and received an honorable discharge from the United States armed forces. If special license plates issued under subsection (10)(d) and this subsection are lost, stolen, or mutilated, the recipient of the plates is entitled to replacement plates upon request and without charge.

(f) A motor vehicle owner and resident of this state who is a veteran or the surviving spouse of a veteran of the armed services of the United States may be issued license plates inscribed as provided in subsection (10)(f)(i) if the veteran was separated from the armed services under other than dishonorable circumstances or was awarded the purple heart medal:

(i) Upon submission of a department of defense form 214(DD-214) or its successor or documents showing an other-than-dishonorable discharge or a reenlistment, proper identification, and other relevant documents to show an applicant's qualification under this subsection, there must be issued to the applicant, in lieu of the regular license plates prescribed by law, special license plates numbered in sets of two with a different number on each set. The plates must display:

(A) the word "VETERAN" and a symbol signifying the United States army, United States navy, United States air force, United States marine corps, or United States coast guard, according to the record of service verified in the application; or

(B) a symbol representing the purple heart medal.

(ii) Plates must be furnished by the department to the county treasurer, who shall issue them to a qualified veteran or to the veteran's surviving spouse. The plates must be placed or mounted on the vehicle owned by the veteran or the veteran's surviving spouse designated in the application and must be removed upon sale or other disposition of the vehicle.

(iii) Except as provided in subsections (10)(c) and (10)(d), a veteran or surviving spouse who receives special license plates under this subsection (10)(f) is liable for payment of all taxes and fees required under parts 3 and 4 of this chapter and a special veteran's or purple heart medal license plate fee of $10. ~~Upon an original application for a license under this subsection (10)(f), the county treasurer shall:~~

~~(A) deposit $3 of the special fee in the county general fund;~~

~~(B) remit $1 for deposit in the state general fund, and~~

~~(C) deposit the remainder of the special fee in the state special revenue account established in 10-2-603 for administration, construction, operation, and maintenance of the state veterans' cemeteries.~~

~~(iv) Upon subsequent annual renewal of registration, the county treasurer shall deposit all of the special fee as provided in subsection (10)(f)(iii)(C).~~

(g) A Montana resident who is eligible to receive a special parking permit under 49-4-301 may, upon written application on a form prescribed by the department, be issued a special license plate with a design or decal bearing a representation of a wheelchair as the symbol of a person with a disability.

(h) The department may issue legion of valor license

plates, bearing a design or decal depicting the recognized legion of valor medallion and numbered in sets of two with a different number on each set, to an applicant who presents to the department proper documentation of receipt of a legion of valor award by appropriate authorities to the applicant or the applicant's deceased spouse and who pays all taxes and fees required by parts 3 and 5 of this chapter.

(11) The provisions of this section do not apply to a motor vehicle, trailer, or semitrailer that is registered as part of a fleet, as defined in 61-3-712, and that is subject to the provisions of 61-3-711 through 61-3-733.

(12) Fees collected under this section must be deposited in the state general fund.""

Renumber: subsequent sections

101. Page 191, line 28.

Insert: "Section 166. Section 61-3-406, MCA, is amended to read:

"61-3-406. Fees for personalized plates -- disposition. (1) In addition to all other fees and taxes imposed by law, the applicant for a personalized license plate shall pay a fee of $25 for the original personalized license plate and a fee of $10 for each transfer or renewal ~~thereof~~ of the personalized license plate.

(2) The revenue derived from the fee ~~as provided herein~~ must be deposited ~~as follows:~~

~~(a) $5 of the application fee and $5 of the transfer or renewal fee in the county general fund; and~~

~~(b) $20 of the application fee and $5 of the transfer or renewal fee~~ in the state general fund.""

Renumber: subsequent sections

102. Page 192, line 28.

Insert: "Section 167. Section 61-3-411, MCA, is amended to read:

"61-3-411. Registration of a motor vehicle owned and operated solely as a collector's item. (1) An owner of a motor vehicle that is more than 30 years old~~,~~ and that is used solely as a collector's item and not for general transportation purposes~~,~~ may file with the department an application for the registration of the motor vehicle. The application must be sworn to before an officer authorized to administer oaths. The application must state:

(a) the name and address of the owner;

(b) the name and address of the person from whom purchased;

(c) the make, the gross weight, the year and number of the model, and the manufacturer's identification number and serial number of the motor vehicle; and

(d) that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes.

~~(2) The registration fee for a motor vehicle registered under subsection (1) is:~~

~~(a) for a vehicle weighing 2,850 pounds or less, $5; and~~

~~(b) for a vehicle weighing more than 2,850 pounds, $10.~~

~~(3)~~(2) Upon receipt of the application for registration and payment of the registration fee, the department shall file the

application and register the motor vehicle ~~therein described~~ in the manner specified in 61-3-101 and, unless the applicant chooses to exercise the option allowed in 61-3-412, shall deliver to the applicant:

(a) for a motor vehicle manufactured in 1933 or earlier, two license plates bearing the inscription "Pioneer--Montana" and the registration number; or

(b) for a motor vehicle manufactured in 1934 or later and more than 30 years old, two license plates bearing the inscription "Vintage--Montana" and the registration number.

~~(4)~~(3) The year of issuance may not be shown on the plates.

~~(5)~~(4) Annual renewal of the registration of a motor vehicle registered under this section is not required, and the registration is valid as long as the vehicle is in existence and owned by the initial registrant.~~, provided, however, that upon~~ Upon sale of the motor vehicle, the purchaser shall renew the registration and pay ~~the~~ a license ~~fees~~ renewal fee ~~provided in subsection (2)~~ of $10 for a vehicle weighing more than 2,850 pounds and $5 for a vehicle weighing 2,850 pounds or less."

Renumber: subsequent sections

103. Page 193, line 28.

Insert: "Section 168. Section 61-3-412, MCA, is amended to read:

"61-3-412. Display of original Montana license plates on collector's item vehicle -- definition -- validation. (1) As used in this section, "original Montana license plate" means a license plate issued according to the provisions of 61-3-331; section 53-116, R.C.M. 1947; section 1759.1, R.C.M. 1935; or section 1759, R.C.M. 1921; whichever section was effective during the year of the manufacture of the motor vehicle on which the license plate is authorized to be displayed.

(2) Notwithstanding the provisions of 61-3-332, the department shall authorize the owner of a motor vehicle registered as provided in 61-3-411 to display original Montana license plates, with validation as required in subsection (3), after:

(a) payment of the fee required in subsection (5);

(b) inspection by a highway patrol officer of the original Montana license plate to be displayed on the motor vehicle and, upon payment of a $5 fee, receipt of the highway ~~patrolman's~~ patrol officer's certification that ~~he~~ the officer has determined that the license plate is legible and meets the requirements of subsection (1); and

(c) receipt of an application by the owner of the motor vehicle as provided for in 61-3-411.

(3) If the owner of a vehicle registered under the provisions of 61-3-314 meets the requirements of subsection (2), the department shall:

(a) file the application and register information on the motor vehicle in the manner prescribed in 61-3-101; and

(b) issue a validating decal inscribed with:

(i) a unique number; and

(ii) the letter:

(A) "P" to designate vehicles described in ~~61-3-411(3)(a)~~ 61-3-411(2)(a); or

(B) "V" to designate vehicles described in ~~61-3-411(3)(b)~~ 61-3-411(2)(b).

(4) The owner of the motor vehicle shall permanently affix the validating decal to the windshield of the collector's item motor vehicle or, if ~~no~~ a windshield ~~exists~~ does not exist, to another prominent and visible position on the vehicle.

(5) The owner of the motor vehicle shall pay to the department with the application required under this section a one-time special collector's item motor vehicle license fee of $20.""

Renumber: subsequent sections

104. Page 194, line 30.

Insert: "Section 169. Section 61-3-426, MCA, is amended to read:

"61-3-426. Combined license plates. (1) An application for license plates for amateur radio operators may be combined with an application for the special license plates issued to veterans of the armed services who comply with the provisions in 61-3-332(10)(d), (10)(e), and (10)(f) or with an application for special license plates issued to a person with a disability who complies with the provisions in 61-3-332(10)(g). The applicant for the combined license plates is liable for the payment of all taxes and fees applicable to regular motor vehicle license plates and shall pay an additional fee of $5 for the original issuance as provided in 61-3-422.

(2) An application for license plates for amateur radio operators may be combined with an application for license plates for disabled veterans as provided in 61-3-332(10)(c). The fees for the registration of the combined license plates are the fees provided for in 61-3-332(10)(c) and in 61-3-422. The fees are in lieu of all other fees and taxes for that vehicle under this chapter.

(3) An application for license plates for amateur radio operators may be combined with an application for license plates for ex-prisoners of war as provided in 61-3-332(10)(d). The fees required under 61-3-321(1) ~~and (5)~~ may not be assessed upon one set of combination license plates issued to an ex-prisoner of war. An ex-prisoner of war receiving combination license plates under this section is liable for the fees required under 61-3-422.

(4) The combined license plates must be stamped with the official amateur radio call letters of the owner as assigned to the owner by the federal communications commission. The plates must also be stamped with the design or decal provided for in 61-3-332(10)(c), (10)(d), (10)(e), (10)(f), or (10)(g).""

Renumber: subsequent sections

105. Page 195, line 22.

Insert: "Section 170. Section 61-3-431, MCA, is amended to read:

"61-3-431. Special mobile equipment -- exemption from registration and payment of fees and charges -- identification plate -- publicly owned special mobile equipment. (1) A person, firm, partnership, or corporation who owns, leases, or rents special mobile equipment as defined in 61-1-104 and occasionally

moves that equipment on, over, or across the highways of the state is not subject to registration of that equipment or required to pay the fees and charges provided for in 61-4-301 through 61-4-308 or part 2 of chapter 10. Prior to movement on the highways, however, each piece of equipment must display an equipment identification plate or a dealer's license plate attached to the equipment.

(2) Annual application for the identification plate must be made to the county treasurer before any piece of equipment is moved on the highways. Application must be made on a form furnished by the department of justice, together with the payment of a fee of $5. The equipment for which a special mobile equipment plate is sought is subject to the assessment of personal property taxes on the date application is made for the plate. The personal property taxes assessed against the special mobile equipment must be paid before ~~the issuance of~~ a special mobile equipment plate may be issued. The fees collected under this section ~~belong to the county road~~ must be deposited in the state general fund.

(3) The identification plate expires on December 31 of each year. If the expired identification plate is displayed, an owner of special mobile equipment registered under the provisions of this section is entitled to operate the equipment between January 1 and February 15 following expiration without displaying the identification plate or receipt of the current year.

(4) Publicly owned special mobile equipment and implements of husbandry used exclusively by an owner in the conduct of the owner's farming operations are exempt from this section.""

Renumber: subsequent sections

106. Page 196, line 7.

Insert: "Section 171. Section 61-3-457, MCA, is amended to read:

"61-3-457. Ex-prisoner of war license plates transferable to spouse -- conditions. Upon the death of an ex-prisoner of war and providing that the surviving spouse does not remarry, the spouse of an ex-prisoner of war may retain and renew the one set of special license plates issued under 61-3-332(10)(d) and is not liable for light vehicle taxes under 61-3-504, for the fees required under 61-3-321(1) ~~and (5)~~, or for the special license plate fees required under 61-3-332.""

Renumber: subsequent sections

107. Page 196, line 26.

Insert: "Section 172. Section 61-3-465, MCA, is amended to read:

"61-3-465. Issuance -- application -- additional fee -- disposition. (1) The department shall issue or renew collegiate license plates upon receipt of an application that shows:

(a) compliance with 61-3-303, 61-3-311, and 61-3-312; and

(b) payment to the county treasurer of:

(i) an initial application and manufacturing fee of $2.50, when required; and

(ii) an annual scholarship donation of $20 for the benefit of the institution named in the application.

(2) Once each month the county treasurer shall transfer to

the state treasurer the total of the amounts collected for:

(a) the initial application and manufacturing fee for deposit in the ~~Montana state prison industries account in the proprietary fund for appropriation by the legislature to pay the cost of manufacturing collegiate license plates~~ state general fund; and

(b) scholarship donations provided for in subsection (1)(b)(ii), along with a schedule showing the number of collegiate license plates issued and the total donations received for the benefit of each institution.

(3) Once each month the state treasurer shall distribute to the student academic scholarship fund or foundation of each institution an amount equal to the total donations credited to that institution and transferred to the state treasurer by the county treasurers during the preceding month.""

Renumber: subsequent sections

108. Page 197, line 27.

Insert: "Section 173. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of ~~taxes~~ fees. ~~(1)~~ All registration fees imposed by 61-3-561 from light vehicles, all registration fees imposed by 61-3-522 from motor homes, all fees in lieu of tax imposed by 61-3-527 from motorcycles and quadricycles, and all fees imposed by 61-3-529 from buses, motor vehicles having a manufacturer's rated capacity of more than 1 ton, and truck tractors, for which a license is sought and an original application for title that includes a manufacturer's statement of origin is made, must be remitted to the state treasurer every 30 days. The state treasurer shall credit the payments to the ~~highway restricted state special revenue account~~ state general fund.

~~(2) Except as provided in subsections (1) and (3), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles, registration fees on light vehicles, and fees in lieu of tax on motorcycles, quadricycles, motor homes, travel trailers, campers, trailers, pole trailers, semitrailers, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-521, 61-3-527, 61-3-529, 61-3-537, and 61-3-560 through 61-3-562 to a motor vehicle suspense fund. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund. Except for registration fees collected under 61-3-560 through 61-3-562, the county treasurer shall distribute the money in the fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed. For money in the fund collected under 61-3-527 and 61-3-560 through 61-3-562, the county treasurer shall disregard the statewide mills levied for the university system, county elementary and high school equalization under 20-9-331 and 20-9-333, the mills levied for state equalization aid under 20-9-360, and the mills levied for state assumption of public assistance under 53-2-813 in determining distribution proportions of the money and may not distribute~~

~~money collected under 61-3-527 and 61-3-560 through 61-3-562 to the state for those levies.~~

~~(3) The county treasurer shall deduct as a district court fee 10% of the amount of the registration fe collected on light vehicles under 61-3-560 through 61-3-562. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes money from the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the state special revenue fund to be used for purposes of state funding of district court expenses as provided in 3-5-901.~~""

Renumber: subsequent sections

109. Page 198, line 19.

Insert: "Section 174. Section 61-3-524, MCA, is amended to read:

"61-3-524. Decal required on camper -- application for decal -- application fee -- issuance. (1) A camper~~,~~ that is subject to the fee in lieu of tax imposed under 61-3-521~~,~~ may not be operated by a person on the public highways or streets in this state unless there is displayed in a conspicuous place on the camper a decal as visual proof that the fee has been paid on the camper for the current year.

(2) Application for the issuance of the decal must be made to the county treasurer in the county of the owner's residence, accompanied by an application fee of ~~$1~~ $4.50, on a form furnished by the department, which may be obtained at the county treasurer's office. The form must provide for substantially the following information:

(a) name of owner;

(b) address;

(c) name of manufacturer;

(d) model number;

(e) make;

(f) year of manufacture; and

(g) other information that the department may require.

(3) (a) The county treasurer shall sign the application and transmit the application and the fee to the department. The fee must be deposited in the state general fund.

(b) Upon receipt of the application in approved form and payment of the fee in lieu of tax by the applicant, the county treasurer shall issue to the applicant a numbered decal in the style and design prescribed by the department and of a different color than the preceding year.""

Renumber: subsequent sections

110. Page 200, line 2.

Insert: "Section 175. Section 61-3-527, MCA, is amended to read:

"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees -- permanent registration. (1) (a) There is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to

be paid by a dealer for motorcycles or quadricycles that constitute inventory of the dealership.

(2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle or quadricycle and the size of the engine, as follows:

(a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic centimeter to 600 cubic centimeters is as follows:

(i) less than 5 years old, $30;

(ii) 5 years old and less than 11 years old, $15; and

(iii) 11 years old and older, $6.

(b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic centimeters to 1,000 cubic centimeters is as follows:

(i) less than 5 years old, $55;

(ii) 5 years old and less than 11 years old, $20; and

(iii) 11 years old and older, $6.

(c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic centimeters and larger is as follows:

(i) less than 5 years old, $90;

(ii) 5 years old and less than 11 years old, $50; and

(iii) 11 years old and older, $6.

(3) (a) Except as provided in subsection (3)(b), the age of a motorcycle or quadricycle is determined by subtracting the manufacturer's designated model year from the current calendar year.

(b) If the purchase year of a motorcycle or quadricycle precedes the designated model year of the motorcycle or quadricycle and the motorcycle or quadricycle is originally titled in Montana, then the purchase year is considered the model year for the purposes of calculating the fee in lieu of tax.

(4) (a) The owner of a motorcycle or quadricycle that is 11 years old or older and that is subject to the fee in lieu of tax under this section may permanently register the motorcycle or quadricycle upon payment of a $30 fee in lieu of tax, the applicable registration and license fees under 61-3-321, and an amount equal to five times the applicable fees imposed or amounts calculated for each of the following:

(i) the motorcycle safety ~~training~~ fee under ~~20-25-1007~~ 61-3-321 to be deposited in the account provided for in 20-25-1002;

(ii) weed control ~~fees~~ under ~~61-3-510~~ [section 3(3)(b)];

(iii) $1 for the former county motor vehicle computer ~~fees under 61-3-511~~ fee; and

(iv) if applicable, renewal fees for personalized plates under 61-3-406.

(b) A person who permanently registers a motorcycle or quadricycle as provided in this subsection (4) shall pay an additional $2 fee at the time of registration for deposit in the state general fund. The department shall pay from the general fund an amount equal to the $2 fee collected under this subsection (4)(b) from each vehicle registration to the pension trust fund for payment of supplemental benefits provided for in 19-6-709.""

Renumber: subsequent sections

111. Page 200, line 24.
Insert: "Section 176. Section 61-3-707, MCA, is amended to read:
"61-3-707. Foreign vehicles used for transportation in connection with employment. (1) (a) Before a motor vehicle that has been assessed a fee pursuant to 15-24-301(4) may be operated in Montana for a calendar quarter, the person responsible for payment of fees shall apply for and obtain a window decal provided by the department.
(b) Decals must be color-coded to distinguish the four quarterly registration periods of the year.
(c) An applicant may purchase a decal for more than one registration quarter at a time by paying the appropriate amount.
(d) There is a $2 fee for each decal, and money collected from this fee must be deposited to the ~~county~~ state general fund. The $2 fee is in addition to the registration fee.
(e) A current window decal must be displayed on the lower right-hand corner of the windshield.
(2) (a) Before a motor vehicle exempted pursuant to 15-6-217 may be operated in Montana, the person responsible for the motor vehicle shall apply for and obtain a window decal from the county treasurer. The department shall supply the decals to the county treasurers.
(b) An application approved by the department must include a verification from the employer that the person is employed by a health care facility in a rural, medically underserved area that experiences difficulty in recruiting and retention of health care professionals.
(c) Decals expire each year on December 31 of the year in which issued, and application for reregistration must be filed with the county treasurer no later than February 15 of each year. Decals must be color-coded to distinguish the year.
(d) A current window decal must be displayed on the lower right-hand corner of the windshield.""
Renumber: subsequent sections

112. Page 201, line 4.
Insert: "Section 177. Section 61-3-738, MCA, is amended to read:
"61-3-738. Deposit and distribution of fees on proportionally registered fleets. The fees in lieu of tax and license fees collected under this part must be deposited with the state treasurer ~~for distribution to the general fund of each county on the following basis:~~
~~(1) for fleet vehicle fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation, and~~
~~(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties~~ in the highway nonrestricted account.""
Renumber: subsequent sections

113. Page 201, line 16.
Insert: "Section 178. Section 61-9-312, MCA, is amended to read:
"61-9-312. Performance ability of brakes. On a dry, hard, approximately level stretch of highway free from loose material, a motor vehicle or combination of vehicles, upon application of the service brake, must be capable of stopping at a speed of 20 miles an hour within the following distances:
(1) 25 feet for passenger motor vehicles, except buses and pioneer vehicles;
(2) 40 feet for buses, trucks, and tractor trucks;
(3) 45 feet for motor vehicles registered or qualified to be registered as pioneer vehicles under ~~61-3-411(3)(a)~~ 61-3-411(2)(a) when equipped with two-wheel brakes or 25 feet when equipped with four-wheel brakes;
(4) 40 feet for all combinations of vehicles; and
(5) 30 feet for motorcycles, quadricycles, and motor-driven cycles.""
Renumber: subsequent sections

114. Page 203, line 3.
Insert: "Section 179. Section 61-10-130, MCA, is amended to read:
"61-10-130. Custom combiner's special permit -- fee -- collection -- distribution -- not transferable. (1) In lieu of the taxes required by 15-24-301 and in lieu of motor vehicle license fees, gross vehicle weight fees, and overwidth, overlength, and overheight permits provided for in Title 61, a nonresident engaged in the business of custom combining who brings equipment into the state may pay a special permit fee of $40 per unit. A unit ~~shall include~~ includes:
(a) one truck suitable for hauling grain;
(b) one header trailer or one combine trailer; and
(c) pickup trucks and all other equipment, except combines, used by a nonresident and brought into the state as part of ~~his~~ the nonresident's business of custom combining.
(2) In lieu of gross vehicle weight fees and overwidth, overlength, and overheight permits, Montana residents engaged in the business of custom combining may pay the annual farm gross vehicle weight fees and a special permit fee of $20 per unit. A unit includes:
(a) one truck suitable for hauling grain;
(b) one header trailer or one combine trailer; and
(c) pickup trucks used by the resident in ~~his~~ the resident's business of custom combining.
(3) When used to transport agricultural products, a truck authorized to be used under a custom combiner's special permit may be operated only within a 50-mile radius from the harvested field to the point of first unloading. The truck may not haul agricultural products from one commercial elevator to another commercial elevator. The truck may be operated on any highway, except a highway that is part of the federal-aid interstate system, without incurring excess weight penalties under 61-10-145 if the total gross weight of the truck does not exceed allowable weight limitations by more than 20% per axle and the maximum load per inch of tire width does not exceed 670 pounds. The truck may

not be operated in excess of 40 miles per hour. ~~No~~ A trip permit is not required. If the truck exceeds the tolerance provided under this subsection, the fine or penalty imposed applies to all weight over the legal limit allowed by 61-10-107.

(4) A combine trailer authorized to be used under subsection (1)(b) or (2)(b) may be operated under the same limitations ~~and until July 1, 1991, may be operated within the same tolerances granted trucks under subsection (3)~~, except that the 50-mile limitation does not apply and the combine trailer may be used upon any highway of the state, including a highway that is part of the federal-aid interstate system. If the combine trailer exceeds the tolerance provided under subsection (3), the fine or penalty imposed applies to all weight over the legal limit allowed by 61-10-107.

(5) The fee required by this section must be collected by the department of transportation. Upon payment of the fee, the department of transportation ~~must~~ shall provide an identifying device to be displayed on each truck, header trailer, or combine trailer and other equipment used by the nonresident or resident in ~~his~~ the person's business of custom combining in the state~~, which~~ The device is valid for the calendar year in which the fee is collected.

(6) All fees collected under this section must be distributed not later than January 31 immediately following the period of ~~license~~ licensure as follows:

(a) 62 1/2% to the ~~county~~ state general fund ~~in the county in which the permittee declares the greatest amount of time will be spent to operate~~; and

(b) 37 1/2% to the state special revenue fund for the department of transportation.

(7) The identifying devices and fee paid for each unit are not transferable from one vehicle to another or transferable on the sale or change of ownership.

(8) The department of transportation may adopt rules, as provided in Title 2, chapter 4, to implement the provisions of this section.""

Renumber: subsequent sections

115. Page 203, line 14.

Insert: "Section 180. Section 61-10-148, MCA, is amended to read:

"61-10-148. Disposition of fines and forfeited bonds. (1) Except as provided in 61-12-701 and subsection (2) of this section, ~~one-half of~~ all the money collected as fines and forfeited bonds for violations of Title 61, chapter 10, must be remitted monthly by the county treasurer to the state treasurer for deposit in the state general fund. ~~The remaining half, less the deductions required by law, must be deposited in the county road fund.~~ This subsection does not apply to fines and forfeited bonds paid to justices' courts.

(2) If the apprehension or arrest was for a violation of Title 61, chapter 10, and if the offense occurred on a road or highway not included under the provisions of 60-2-128 and 60-2-203, all money collected as fines and forfeited bonds must be distributed to the county treasurer for deposit in the county

road fund.""
Renumber: subsequent sections

116. Page 203, line 22.
Insert: "Section 181. Section 61-10-225, MCA, is amended to read:

"61-10-225. Disposition of fees collected by county treasurer. ~~At the time of collecting~~ The county treasurer shall transmit the fees provided for in 61-10-222~~, each county treasurer shall retain 5% of the fees for the cost of administration and for deposit in the general fund of the county. The remaining 95% must be remitted monthly~~ to the state treasurer for deposit to the credit of the department of transportation in the highway revenue account. The remittance must be made on forms furnished to the county treasurer by the department.""
Renumber: subsequent sections

117. Page 204, line 11.
Insert: "Section 182. Section 67-3-205, MCA, is amended to read:

"67-3-205. Aircraft registration account -- source of funds -- allocation. (1) There is an account in the state special revenue fund to which must be credited all money received from fees paid in lieu of tax on aircraft as required in this part and 15-24-304 and all penalties collected for registration violations as provided in 67-3-202.

(2) Money in the account is allocated as follows:

(a) 90% to the ~~counties in the proportion that each county's collections bear to the total collections statewide~~ state general fund; and

(b) 10% to the department for the purpose of administering and enforcing aircraft registration.

(3) The allocations required in subsection (2)(a) must be made twice annually by the department. The first allocation must be made between March 15 and March 30 and the second allocation must be made between July 1 and July 15.

(4) The allocation required in subsection (2)(b) must be made on July 1 of each year.

~~(5) On receipt of the money allocated as provided in subsection (2)(a), the county treasurer shall distribute the money in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.~~

~~(6) The allocations required in subsection (2)(a) are considered statutory appropriations as described in 17-7-502.~~""
Renumber: subsequent sections

118. Page 208, line 12.
Insert: "Section 186. Section 72-16-909, MCA, is amended to read:

"72-16-909. When and where tax payable -- interest. (1) The estate tax is payable to the ~~county treasurer of the county in which the estate is being probated~~ department of revenue.

(2) If the tax is not paid within 18 months of the death of

the decedent, interest must be charged and collected at the rate of 10% a year from the time that the tax accrued, unless because of claims made upon the estate, necessary litigation, or other unavoidable cause of delay, the tax is not determined and paid on time. Interest at the rate of 6% must be charged upon the amount of tax due from the time of accrual until the cause of the delay is removed, and after that time, interest at the rate of 10% must be charged.

(3) Litigation to defeat the payment of the tax is not necessary litigation.

(4) When permission has been granted to defer payment of tax under 72-16-910, interest must be charged at the rate of 6% after 1 year from the date of death until the date of payment.""

Renumber: subsequent sections

119. Page 208, line 17.

Insert: "Section 187. Section 72-16-912, MCA, is amended to read:

"72-16-912. Collection and deposit of tax. The tax imposed ~~herein shall~~ by this part must be collected by the ~~several county treasurers or the~~ department of revenue for deposit with the state treasurer.""

Renumber: subsequent sections

120. Page 208, line 24.

Insert: "Section 188. Section 75-10-533, MCA, is amended to read:

"75-10-533. Department to report fees. The department shall report to the office of budget and program planning, as a part of the information required by 17-7-111, the amount collected under this part ~~and 61-3-~~ and the cost of administration of this part, except 75-10-520, to date so that any necessary adjustment of the amount of the fee may be made to ~~assure~~ ensure that no more than the actual cost of operation of the program is collected.""

Renumber: subsequent sections

121. Page 212, line 11.

Insert: "Section 195. Section 76-13-201, MCA, is amended to read:

"76-13-201. Duty of owner to protect against fire. (1) An owner of land classified as forest land ~~classified as such~~ by the department shall protect against the starting or existence and suppress the spread of fire on that land. This protection and suppression must be in conformity with reasonable rules and standards for adequate fire protection adopted by the department.

(2) If the owner does not provide for the protection and suppression, the department may provide it at a cost to the landowner of not more than $30 for each landowner in the protection district and of not more than an additional 20 cents per acre per year for each acre in excess of 20 acres owned by each landowner in each protection district, as necessary to yield the amount of money provided for in 76-13-207. The owner of the

land shall pay ~~to the county treasurer of the county in which the land is situated~~ the charge ~~for the same~~ approved by the department in accordance with ~~this~~ part 1 and this part ~~1~~ to the department of revenue. Payments to the department of revenue are due on or before November 30 of each year.

(3) ~~No other~~ Other charges may not be assessed ~~those~~ to a participating landowner ~~landowners participating~~ except in cases of proven negligence on the part of the landowner or the landowner's agent.""

Renumber: subsequent sections

122. Page 215, line 1.

Insert: "Section 200. Section 77-1-502, MCA, is amended to read:

"77-1-502. Computation of state land equalization ~~payment~~ amount. (1) The department of revenue shall compute the amount of taxes ~~which~~ that would be payable on the county assessments of ~~said~~ state-owned grazing, agricultural, or forest property as if it were owned by and taxable to a taxpayer of ~~such~~ the county.

(2) If the land is not classified, the sum ~~to be listed shall~~ must be determined by the average tax payment made on like property within the county ~~where said~~ in which the land is situated, not to exceed 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre. The average tax may be derived from the most recent biennial report of the department of revenue. The total figure arrived at by this method ~~shall~~ must be called the gross assessment figure.

(3) The county exemption factor ~~shall~~ must be determined by dividing the percentage that the state-owned land bears to the total land area of the county into 6%. This quotient ~~shall~~ must be multiplied by the gross assessment figure, and the product is called the state exemption figure.

(4) The state exemption figure ~~shall~~ must be subtracted from the gross assessment to give the state land equalization ~~payment~~ amount.""

Renumber: subsequent sections

123. Page 215, line 8.

Insert: "Section 201. Section 77-1-503, MCA, is amended to read:

"77-1-503. Form to be completed by department of revenue. The department shall provide a form for each county to be followed and completed by the department of revenue. The department of revenue shall, before October 1, make the computations required and submit to the department the completed forms, which must show the computations and method used in arriving at the state land equalization ~~payment~~ amount.""

Renumber: subsequent sections

124. Page 215, line 17.

Insert: "Section 202. Section 77-1-504, MCA, is amended to read:

"77-1-504. Processing of statements. The department shall examine for accuracy the statement returned by the department of revenue, and the state land equalization ~~payment~~ amount may not be approved unless the state exemption figure is deducted from

the gross assessment figure in the statement. The department shall, before November 1 of each year, prepare and file a claim with the department of administration for all counties that are eligible for state land equalization ~~payments~~ amounts, and this claim must show the amount of money that each eligible county ~~will receive~~ receives through the entitlement share provided for in [section 1]."""
Renumber: subsequent sections

125. Page 215, line 29.
Insert: "**Section 203.** Section 80-2-201, MCA, is amended to read:
"**80-2-201. Powers and duties of board of hail insurance.** The board of hail insurance provided for in 2-15-3003:
(1) shall hold meetings when necessary ~~and essential~~ for the ~~proper~~ conduct of its business;
(2) ~~is hereby authorized, directed, and empowered to make~~ may adopt rules ~~as it may from time to time find practical, necessary, and beneficial~~ for the administration of this part;
(3) shall prescribe blank forms for all purposes necessary, proper, and incidental to the effective operation and enforcement of this part; and
(4) shall use any appropriate means of communication to inform Montana producers of the purposes, scope, and benefits of this part in furnishing protection against loss by hail at the actual cost of the risk to all ~~taxpayers~~ persons who may elect to become subject to the provisions of this part."""
Renumber: subsequent sections

126. Page 216, line 16.
Insert: "**Section 204.** Section 80-2-203, MCA, is amended to read:
"**80-2-203. Participation in program -- tax.** (1) A ~~taxpayer~~ person or association of ~~taxpayers~~ persons engaged in the growing of crops other than those specified in this part or other agricultural or horticultural products subject to injury or destruction by hail may, by individual or joint election filed with and approved by the board of hail insurance, accept the provisions of this part and elect to become subject to this part. The risks may be classified by the board, and suitable ~~levies~~ fees may be imposed as agreed upon by the board and the ~~taxpayers~~ persons. The ~~taxpayers~~ persons are entitled to the benefits and protection afforded by the insurance provisions of this part.
(2) Each ~~farmer taxpayer~~ person who signifies a desire to become subject to the provisions of this part shall file with the department of revenue the properly filled out form not later than August 15. The ~~taxpayer~~ person is chargeable with the ~~tax~~ fee provided for on lands growing crops subject to injury or destruction by hail and shall share in the protection and benefits under the hail insurance provisions of this part. The application for hail insurance is in full force and effect at 12:01 a.m. the day immediately following the acceptance of the application by the department of revenue.
(3) This part may not be construed to empower anyone except the actual owner of the land to make the land subject to the hail ~~tax~~ fee provided in this part."""

Renumber: subsequent sections

127. Page 216, line 28.
Insert: "Section 205. Section 80-2-204, MCA, is amended to read:
"**80-2-204. Duty of department of revenue -- election of benefits of law.** The department of revenue shall upon request explain to each ~~taxpayer~~ person engaged in the growing of crops subject to injury or destruction by hail the provisions of this part. The department of revenue shall issue hail insurance policies to each ~~taxpayer~~ person who desires to become subject to this part, to become liable for the ~~tax levies~~ fee provided in this part, and to be eligible for the benefits and protection of this part. A ~~taxpayer~~ person who elects to become subject to this part is liable for the ~~taxes levied~~ fees for hail insurance and shall participate in the benefits and protection afforded by this part. ~~Either the~~ The owners of lands worked by others under lease or contract may make the election for hail insurance, or the lessee of the land may tender payment, in cash, of the ~~tax~~ fee levied for hail insurance ~~to protect the lessee's crops, in cash,~~ to the officer authorized to receive payment.""
Renumber: subsequent sections

128. Page 217, line 5.
Insert: "Section 206. Section 80-2-205, MCA, is amended to read:
"**80-2-205. What crops subject to provisions of law.** The crops grown on the lands of all ~~taxpayers~~ persons who ~~shall~~ elect to become subject to this part ~~shall~~ must be insured under the provisions of this part for the acreage and the kind of crop for which ~~taxes~~ fees for hail insurance ~~will~~ have been ~~levied,~~ imposed. ~~which~~ The insurance ~~shall~~ must be provided for, determined, and adjusted and paid for as provided by this part.""
Renumber: subsequent sections

129. Page 217, line 14.
Insert: "Section 207. Section 80-2-206, MCA, is amended to read:
"**80-2-206. Cash payment.** When an applicant for hail insurance tenders cash for the insurance to the department of revenue, the applicant is allowed a discount of 4%. The hail insurance must be issued upon the cash payment less the 4%. The charge for the insurance must be based on the maximum rates shown on the application for hail insurance. If the current rates are reduced later, the board of hail insurance shall arrange for the proper refund to the insured. All cash received by the department of revenue must be ~~promptly turned over to the county treasurer, who shall furnish the insured with a current receipt and place the money in the hail insurance fund~~ deposited with the state treasurer.""
Renumber: subsequent sections

130. Page 218, line 8.
Insert: "Section 208. Section 80-2-207, MCA, is amended to read:
"**80-2-207. Delinquent ~~taxes~~ fees -- application by**

delinquent -- crop lien. (1) An owner of land who has more than 1 year's delinquent ~~taxes~~ fees on the land may not be allowed hail insurance under the provisions of this part, unless the owner's application is accompanied by a cash payment for the amount that would be due on the application ~~in the event of a maximum levy~~ for that year.

(2) Any grain grower unable to secure state hail insurance under the provisions of this part because of delinquent ~~taxes~~ fees or for other reasons may make an application to the department of revenue, and the department of revenue may receive and accept the ~~applications~~ application when the applicant furnishes a sufficient crop lien that is subject only to a seed lien. The crop lien may be accepted only under rules and requirements that may be prescribed by the board of hail insurance and under the provision that the board may cancel any hail insurance accepted in violation of the rules and requirements. Upon receipt of the application, the department of revenue shall make a record of the application and shall file the original in the office of the clerk and recorder of the county. The department of revenue shall also ~~cause an assessment~~ send a bill to the grain grower for the proper amount ~~to be made on the property tax record in the same manner provided for in the case of other special levies or assessments~~ due for hail insurance under the provisions of this part.

(3) A tenant who has delinquent hail insurance that was secured by a crop lien ~~only~~ and was not secured by real estate may not be allowed another policy in any succeeding year until the delinquent ~~account or accounts are~~ amount is paid or until the tenant pays cash for the current hail insurance.

(4) If a tenant becomes delinquent for hail insurance after having applied to the county for relief as provided by the board under 80-2-229, the tenant may apply to the board for a reduction. If the reasons for requesting a reduction are approved by the board, the board may reduce the charge to not less than one-half the original amount charged.""

Renumber: subsequent sections

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131. Page 218, line 17.

Insert: "Section 209. Section 80-2-209, MCA, is amended to read:

"80-2-209. Reinsurance. Because of the unusual or unexpected variation in the severity of damage to grain crops ~~which occur~~ that occurs from year to year and in order to enable the hail insurance board to spread the effect of these variations more evenly over all years, the board ~~is hereby authorized to~~ may negotiate for and ~~to~~ secure reinsurance of a part of the risk in any year when the need ~~of such~~ for reinsurance appears advisable to the board. The board is ~~hereby authorized to~~ may use ~~moneys~~ money from hail insurance ~~levies~~ fees for the purchase of ~~such~~ reinsurance whenever it appears to the board that ~~such~~ reinsurance is necessary and advisable.""

Renumber: subsequent sections

132. Page 218, line 27.

Insert: "Section 210. Section 80-2-221, MCA, is amended to read:

"80-2-221. ~~Tax~~ Fee for hail insurance. (1) A ~~tax is hereby authorized and directed to be levied~~ fee is imposed on all lands in this state growing crops subject to injury or destruction by hail, the owners of which have elected to become subject to the provisions of this part.

(2) The board of hail insurance shall annually estimate, as accurately as possible, the amount required to pay all losses, interest on warrants, and costs of administration and shall recommend a ~~levy~~ fee to be ~~made~~ imposed on each kind of land respectively, subject to the provisions of this part, to the department of revenue. The rates recommended to apply on the lands of owners ~~shall~~ must be applied in the same proportions to the crops of those insured on a personal ~~assessment~~ basis.""

Renumber: subsequent sections

133. Page 219, line 30.

Insert: "Section 211. Section 80-2-222, MCA, is amended to read:

"80-2-222. Board to establish amount of ~~levy~~ rates -- disposition of funds. (1) The board of hail insurance may, when it considers it advisable, establish as many districts as it considers advisable and may maintain maximum rates in various parts of the state~~, which~~ The rates must be commensurate with the risk incurred as nearly as it can determine from past experiences or from any records available.

(2) Notice of the various rates established for any year must be plainly printed on the application for hail insurance, and the rates for the year must be determined and ~~levied~~ imposed by the board of hail insurance for each of the various districts as established, in ~~such~~ proportions ~~as~~ that will in ~~its~~ the board's judgment be fair and equitable.

(3) The board of hail insurance ~~has authority to~~ may accept and expend all funds received by it, including amounts repaid as principal and interest on investments. The funds are statutorily appropriated, as provided in 17-7-502, to the board of hail insurance for the purposes of this chapter. Expenditures for actual and necessary expenses required for the efficient administration of this part must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.

(4) In ~~making the levy~~ establishing the rates provided in this section ~~and 80-2-223~~, the board of hail insurance shall provide for:

(a) the payment of all expenses of administration, together with all interest owed or to be owing on registered warrants;

(b) that portion of the losses incurred during the current year that are not paid from funds drawn from the reserve;

(c) the maintenance of the reserve, a part or all of which may be used in any ~~one~~ 1 year for the purpose of paying the costs of administration, interest on the warrants, and losses as settled and adjusted by the board, including the losses sustained in any prior year or years under the hail insurance law that have not been paid.

(5) If at the end of any hail insurance season the board determines that more funds are accumulating from the current year's ~~levies~~ rates than were estimated when the ~~levy was made~~

rates were established and are in excess of the need for the payment of losses and expenses and maintenance of the reserve, the board may, at its discretion, refund the excess to the ~~farmers~~ persons insured for the year, on a pro rata or percentage basis.

(6) The board of hail insurance may direct the board of investments to invest funds from the enterprise fund pursuant to the provisions of the unified investment program for state funds. The income from the investments must be credited to the board of hail insurance account in the enterprise fund.""

Renumber: subsequent sections

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134. Page 220, line 6.

Insert: "Section 212. Section 80-2-224, MCA, is amended to read:

"80-2-224. ~~Assessment~~ Fee -- notice -- when payable. Notice of ~~such assessment shall~~ the fee must be mailed by the ~~county treasurer~~ department of revenue to each person insured in the same manner and at the same time as notices of property taxes due. The ~~assessment~~ fee ~~shall be~~ is payable ~~at the office of the county treasurer of each respective county~~ to the department of revenue.""

Renumber: subsequent sections

135. Page 220, line 13.

Insert: "Section 213. Section 80-2-225, MCA, is amended to read:

"80-2-225. Real estate lien -- creation. The ~~tax levies are~~ hail insurance fees chargeable to the lands of each ~~taxpayer~~ person who elects to become subject to this part ~~and~~ must be ~~entered in the property tax record and~~ collected by the ~~officers charged with the duties in the manner and form as are other property taxes~~ department of revenue. If the ~~levies~~ fees are not paid, they are a lien on the lands against which they are ~~levied in the same manner as are other property taxes~~ imposed.""

Renumber: subsequent sections

136. Page 220, line 25.

Insert: "Section 214. Section 80-2-226, MCA, is amended to read:

"80-2-226. Crop lien -- when created -- assessment. (1) In addition to the lien created in 80-2-225 on the land of the insured, the ~~levy~~ fee for ~~such~~ hail insurance ~~shall constitute~~ is a lien on the crops insured with the exception that the crop lien may not apply to owners of unencumbered land or to the land or crops of those who pay cash for hail insurance. The applications of these persons may not be filed with the county clerk and recorded as provided for in 80-2-207. ~~The~~ Except as provided in this subsection, the crop lien ~~shall~~ must be included in all applications for hail insurance~~, with the above exceptions,~~ and ~~shall~~ must be enforced as provided in 80-2-230 and 80-2-231 against all applicable persons insured ~~except those owning unencumbered land or those who have paid cash for hail insurance~~.

(2) All applicants securing hail insurance on crop liens as ~~heretofore~~ provided ~~shall be~~ in this section are subject to the same charges per acre ~~as provided herein to be~~ that are made on

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land.""
Renumber: subsequent sections

137. Page 221, line 9.
Insert: "Section 215. Section 80-2-228, MCA, is amended to read:
"**80-2-228. Reserve fund.** (1) Each year when the hail board ~~makes~~ sets its annual ~~levy~~ fee for the payment of current losses, for expenses of administration, and for an addition to the reserve if conditions permit, it may not increase the ~~levy~~ fee enough in any year so that the addition to the reserve will exceed 5% of the maximum risk written for that year.

(2) The board may engage the services of a qualified actuary to conduct an actuarial valuation of the reserve. This valuation ~~shall~~ may include the actuary's determination of the amount of reserve necessary to absorb all reasonably anticipated catastrophic losses. This amount is the maximum permissible reserve fund for the next year.

(3) The reserve must be deposited in an enterprise fund.

(4) The board may not draw on the reserve for any purpose unless the amount required for the payment of losses for the current year, including interest on warrants and costs of administration, exceeds the amount of the estimate made by the board for the current year pursuant to 80-2-221.""
Renumber: subsequent sections

138. Page 221, line 19.
Insert: "Section 216. Section 80-2-229, MCA, is amended to read:
"**80-2-229. Withdrawal of crop in case of destruction through other means.** When any crop insured under this part ~~shall have been~~ is destroyed by any other cause than hail, the applicant may, by furnishing the proof required by the board of hail insurance, cause the crop to be ~~withdrawn~~ exempted from the regular ~~levy~~ fee of the board for the current year. ~~Such~~ The proof ~~shall~~ must be submitted to the board of hail insurance in accordance with its rules. ~~Said~~ The rules ~~shall~~ must be plainly printed on the applications and policies issued by the department. ~~They shall~~ The rules must provide that the cost for ~~such~~ withdrawn insurance ~~shall~~ must be varied as nearly as practical according to the time the insurance is in force and according to the risk carried.""
Renumber: subsequent sections

139. Page 222, line 9.
Insert: "Section 217. Section 80-2-230, MCA, is amended to read:
"**80-2-230. Collection of ~~levies~~ fees -- release of lien.** (1) The ~~county treasurer in each county in the state~~ department of revenue shall collect all ~~levies made~~ fees imposed under this part ~~in the same manner as other property taxes are collected and shall keep all moneys collected by him or for him for hail insurance in a separate fund to be known as the hail insurance fund and~~. The department of revenue shall ~~remit~~ deposit the ~~same~~ money ~~to~~ with the state treasurer ~~in the same manner as provided by law for the remittance of other moneys due to the state~~. ~~All~~

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~~county treasurers~~ The department of revenue shall use due diligence in making the collections of the ~~levies~~ fees provided ~~herein~~ in this part. ~~Also the board may furnish assistance needed at any time in making collections or may take over the collection of any levy at any time, depositing any collections therefrom with the treasurer of the county where the levy therefor was made.~~

(2) All insurance ~~levies~~ fees, whether ~~levied~~ imposed against land or in the form of special assessments secured by crop liens, ~~shall be~~ are payable in full and not in semiannual payments on or before November 30 of each year in which ~~such levies~~ the fees are ~~made~~ imposed.

(3) Whenever the amount due on any hail insurance secured by a crop lien is paid, the ~~treasurer~~ department of revenue shall promptly endorse on the lien on file in the office of the county clerk and recorder the amount paid ~~thereon~~ with the date of payment and ~~such~~ the endorsement ~~shall be~~ is a satisfaction and release of ~~such~~ the lien.""

Renumber: subsequent sections

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140. Page 222, line 21.

Insert: "**Section 218.** Section 80-2-231, MCA, is amended to read:

"**80-2-231. Foreclosure of lien.** If the person receiving hail insurance secured by a crop lien fails to pay ~~said~~ the fee for insurance to the ~~county treasurer~~ department of revenue by December 1 of the year in which the crop ~~so insured~~ is grown, the ~~county treasurer~~ department shall on that day or as soon as possible ~~thereafter~~ after that day deliver to the sheriff of ~~said~~ the county a full, true, and correct copy of the lien on file in the office of the clerk and recorder and ~~such~~ the sheriff ~~must~~ shall immediately demand from the person or persons signing ~~such~~ the lien payment of the amount due, ~~thereon and, if the same~~ If the fee is not paid to the sheriff upon ~~such~~ demand being made, the sheriff ~~must forthwith~~ shall seize and sell in the manner provided by law for the sale of personal property under execution a sufficient amount of grain belonging to ~~such~~ the person to pay the amount due for hail insurance together with interest and costs and expenses of seizure and sale.""

Renumber: subsequent sections

141. Page 223, line 11.

Insert: "**Section 219.** Section 80-2-232, MCA, is amended to read:

"**80-2-232. ~~State treasurer's~~ Department of revenue's duty -- warrants -- transfers to ~~county and~~ state general fund.** (1) The ~~state treasurer~~ department of revenue shall receive all money paid under this part and shall place the money in trust for the hail insurance program to the credit of the enterprise fund. All money collected by the board must be deposited in the enterprise fund, and all losses must be paid from that fund. All other costs are administrative expenses and must be paid from the board's enterprise fund. If registered warrants are presented and there is no money to pay the warrants, the warrants must be registered and bear interest at the rate of 4% ~~per annum~~ a year until called for payment by the state treasurer.

~~(2) Upon warrants drawn by order of the board, the state treasurer shall pay out of the board's enterprise fund to the county treasurer of each county where state hail insurance coverage is in force 2% of the gross annual levies made and collected in that county under this part for the use of the county as the board of county commissioners may determine.~~

(2) The department of revenue may retain 2% of the gross annual fees imposed and collected under this part for administrative costs associated with billing and collection of hail insurance premiums.

(3) Upon authorization from the board of hail insurance, the state treasurer shall transfer out of the board's enterprise fund to the general fund of the state of Montana 1.5% of the gross annual ~~levies made~~ fees imposed and collected in the state of Montana.""

Renumber: subsequent sections

142. Page 224, line 9.

Insert: "Section 220. Section 80-2-244, MCA, is amended to read:

"80-2-244. Payment of losses. (1) The board of hail insurance shall, as soon as practicable after the loss has been sustained, arrange for the payment of the loss in the following manner. From the amount of the loss as adjusted for each claimant, the board shall deduct the amount that the claimant then owes as a delinquent hail insurance ~~tax~~ fee and the maximum amount assessed as a hail insurance ~~tax~~ fee for the current year.

(2) The board shall on or before November 1 order payment for the amount ~~so~~ deducted~~,~~. ~~which~~ The payment ~~shall~~ must be remitted to the county treasurer of the county in which the ~~tax~~ fee was ~~assessed~~ imposed. The board shall then order payment for the balance of the adjustment to be sent to the claimant, provided that ~~in no case may~~ the payment for loss may not exceed $24 per acre for grain crops on nonirrigated lands~~,~~ or $48 per acre on irrigated lands. ~~No~~ A claimant may not receive payment for any loss incurred ~~where~~ if the loss does not equal or exceed 5% of the total value of the crop insured. If the losses in any year exceed the current ~~levy~~ fees plus the reserve, ~~if any,~~ then the payment of all losses ~~shall~~ must be prorated~~, share and share alike,~~ among all grain growers having loss claims adjusted and approved, and the unpaid balance of the losses ~~shall~~ must be paid out of the reserve without interest in ~~such~~ the order ~~as~~ that the board directs, when in the judgment of the board there ~~are~~ is sufficient ~~moneys~~ money to provide for the payment of the ~~same~~ claims and other items payable out of the reserve. In any year the board may by resolution authorize its ~~chairman~~ presiding officer and secretary to borrow ~~as needed from any person, bank, or corporation such sum or sums of~~ money ~~as~~ that the board may consider necessary for the purpose of paying all warrants as issued.

(3) For any ~~moneys~~ money borrowed under the provisions of this part, the board shall cause warrants to be drawn. The warrants ~~shall~~ must bear interest at a rate not to exceed 6% a year, and the warrants and the interest ~~thereon shall~~ on the warrants must be paid out of funds from the state hail insurance program as they are collected from the various counties in the

state. The board may not at any time borrow a total sum greater than the amount of ~~levies as made for taxes~~ the fees imposed for the current year together with ~~such~~ delinquent ~~taxes as~~ fees that remain unpaid on the books of the county treasurer.""
Renumber: subsequent sections

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143. Page 225, line 22.
Insert: "Section 221. Section 80-7-814, MCA, is amended to read:
"80-7-814. Administration and expenditure of funds. (1) (a) Except as provided in subsection (1)(b), money deposited in the noxious weed management trust fund may not be committed or expended until the principal reaches $2.5 million, except in case of a noxious weed emergency as provided in 80-7-815. Once this amount is accumulated, interest or revenue generated by the trust fund and by other funding measures provided by this part must be deposited in the special revenue fund and may be expended for noxious weed management projects in accordance with this section, as long as the principal of the trust fund remains at least $2.5 million.

(b) Money deposited as principal in the trust fund from 80-7-822 ~~pursuant to 80-7-810(2)~~ may not be expended until the principal of the trust fund reaches $10 million. However, interest or revenue generated by the trust fund must be deposited in the special revenue fund and may be expended for noxious weed management projects in accordance with this section.

(2) The department may expend funds under this section through grants or contracts to communities, weed control districts, or other entities that it considers appropriate for noxious weed management projects. A project is eligible to receive funds only if the county in which the project occurs has funded its own weed management program with a levy in an amount not less than 1.6 mills or an equivalent amount from another source or in an amount of not less than $100,000 for first-class counties, as defined in 7-1-2111.

(3) The department may expend funds without the restrictions specified in subsection (2) for the following:

(a) employment of a new and innovative noxious weed management project or the development, implementation, or demonstration of any noxious weed management project that may be proposed, implemented, or established by local, state, or national organizations, whether public or private. The expenditures must be on a cost-share basis with the organizations.

(b) cost-share noxious weed management programs with local weed control districts;

(c) special grants to local weed control districts to eradicate or contain significant noxious weeds newly introduced into the county. These grants may be issued without matching funds from the district.

(d) administrative expenses of the department for managing the noxious weed management program and other provisions of this part. The cost of administering the program may not exceed 12% of the total program expenses.

(e) administrative expenses incurred by the noxious weed management advisory council;

(f) a project recommended by the noxious weed management advisory council, if the department determines that the project will significantly contribute to the management of noxious weeds within the state; and

(g) grants to the agricultural experiment station and the cooperative extension service for crop weed management research, evaluation, and education.

(4) The agricultural experiment station and cooperative extension service shall submit annual reports on current projects and future plans to the noxious weed management advisory council.

(5) In making expenditures under subsections (2) and (3), the department shall give preference to weed control districts and community groups.

(6) If the noxious weed management trust fund is terminated by law, the money in the fund must be divided between all counties according to rules adopted by the department for that purpose.""

Renumber: subsequent sections

144. Page 226, line 3.

Insert: "Section 222. Section 80-7-815, MCA, is amended to read:

"80-7-815. Noxious weed emergency -- expenditure authorized. (1) If a new and potentially harmful noxious weed is discovered growing in the state and is verified by the department, the governor may declare a noxious weed emergency. In the absence of necessary funding from other sources, this declaration authorizes the department to allocate up to $150,000 of the principal of the noxious weed management trust fund to government agencies for emergency relief to eradicate or confine the new noxious weed species.

(2) If the expenditure causes the principal of the trust fund to fall below $2.5 million, it must be replenished by the interest or revenue generated by the trust fund~~,~~ or by the other revenue provided by this part, ~~or by revenue obtained from the fee imposed by 61-3-510,~~ as determined by the department.""

Renumber: subsequent sections

145. Page 226, line 11.

Insert: "Section 223. Section 80-7-816, MCA, is amended to read:

"80-7-816. Account -- deposit -- investment. (1) There is an account in the state special revenue fund established in 17-2-102. The interest from the noxious weed trust fund ~~and the fee imposed in 61-3-510~~ must be deposited in the account and must be expended as provided in 80-7-814.

(2) The department may direct the board of investments to invest the funds collected under subsection (1) pursuant to the provisions of 17-6-201. The income from the investments must be credited to the account in the state special revenue fund.""

Renumber: subsequent sections

146. Page 226, line 17.

Insert: "Section 224. Section 80-7-822, MCA, is amended to read:

"80-7-822. (Temporary) Transfer of funds. There is

transferred $1,125,000 annually from the highway nonrestricted account established in 15-70-125 to the noxious weed management trust fund, provided for in ~~80-7-810(2)~~ 80-7-811, for noxious weed management. (Terminates July 1, 2001--sec. 7, Ch. 493, L. 1999.)""

Renumber: subsequent sections

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147. Page 227, line 15.

Insert: "Section 225. Section 81-6-101, MCA, is amended to read:

"81-6-101. Petition for county livestock protective committee -- members -- term. (1) The board of county commissioners ~~must~~ shall, upon receipt of a petition or petitions to do so, set up a county livestock protective committee of three members. The petition or petitions must be signed by at least 51% of the owners of cattle in the county, and ~~such petitioners must own~~ at least 55% of the cattle in the county must be owned by the petitioner's.

(2) Members appointed to serve on ~~such~~ the committee ~~shall~~ must be residents of the county engaged in the business of raising cattle. If there ~~be~~ is in the county any organization of cattle growers, the county commissioners shall give preference to names submitted by ~~any such~~ the group for appointment to ~~such~~ the committee. The term for which ~~said~~ the committee members ~~shall be~~ are appointed ~~shall be~~ is 2 years, with two members of the first committee named to serve for 2 years~~,~~ and one member to serve for 1 year. Members of ~~such~~ the committee ~~shall~~ may not receive ~~no~~ remuneration or reimbursement for expenses for serving on ~~said~~ the committee.

(3) ~~As~~ As used in this section, "organization of cattle growers"~~, as used in this section, is meant~~ means any group or organization holding regular meetings at least annually, having officers, and composed predominantly of cattle growers resident in the county, with its membership open to cattle growers willing to abide by its governing rules or bylaws~~,~~. ~~and its~~ The general purpose ~~being~~ of the organization must be the promotion of the interests of its members in matters pertaining to the cattle or livestock industry.

(4) If the owners of sheep in the county desire to come under the provisions of this part in cooperation with owners of cattle, they shall file a ~~like~~ petition ~~to that set out herein for owners of cattle~~ meeting the requirements of subsection (1) with the county commissioners, and in ~~such~~ that case, at least one member of ~~said~~ the livestock protective committee ~~shall~~ must be a sheep grower and where the word "cattle" appears in this part, it ~~shall be deemed to comprehend also~~ includes the word "sheep".

(5) Owners of sheep ~~alone~~ may form a county livestock protective committee, in which case the word "cattle" as used in this part ~~contained shall be~~ is considered ~~as if it were the word~~ to mean "sheep"~~, and provided further that the levy as provided in 81-6-104 hereof shall, in the case of sheep, not exceed 5 cents per head~~."

Renumber: subsequent sections

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148. Page 227, line 24.
Insert: "Section 226. Section 81-6-104, MCA, is amended to read:
"81-6-104. ~~Tax levy~~ Fee -- special fund. The county livestock protective committee may recommend to the board of county commissioners the ~~levy~~ imposition of a ~~tax~~ fee in an amount not to exceed 50 cents per head on all cattle 9 months of age or older in the county on January 1, and the board of county commissioners shall ~~thereupon be empowered to levy such tax~~ impose the fee, to be collected ~~as other taxes on personal property~~ and ~~when collected to be~~ deposited by the county treasurer in a special fund to be known as the ~~stockmen's~~ livestock special deputy fund, together with any other funds made available from county, state, federal, or private sources for the purposes of this part.""
Renumber: subsequent sections

149. Page 228, line 3.
Insert: "Section 227. Section 81-6-106, MCA, is amended to read:
"81-6-106. Discontinuing county livestock protective committee. Upon receipt of a petition or petitions signed as provided in 81-6-101, the board of county commissioners shall discontinue ~~said~~ a county livestock protective committee~~, provided, however, that such action in discontinuing said~~ The discontinuance of the committee ~~shall~~ does not affect any ~~levy made~~ fee imposed prior to the receipt of ~~such~~ the petition or petitions and the proceeds of any ~~levy made shall~~ fee imposed must be used for the purposes ~~as in~~ of this part ~~set out~~. ~~No~~ A district ~~shall~~ may not be discontinued ~~so~~ as long as there is any outstanding indebtedness against it.""
Renumber: subsequent sections

150. Page 228, line 13.
Insert: "Section 228. Section 81-6-204, MCA, is amended to read:
"81-6-204. ~~Tax levy~~ Fee -- deposit of proceeds. The district cattle protective committee may recommend to the board of county commissioners the ~~levy~~ imposition of a ~~tax~~ fee in an amount not to exceed 50 cents per head on all cattle 9 months of age or older in the district on January 1, and the board of county commissioners shall ~~thereupon be empowered to levy such tax~~ impose the fee, to be collected ~~as other taxes on personal property~~ and ~~when collected to be~~ deposited in the county treasury of one of the counties in the district, ~~to be~~ selected by the district cattle protective committee, in a special fund to be known as the ~~stockmen's~~ livestock special deputy fund, together with any other funds made available from county, state, federal, or private sources for the purposes of this part.""
Renumber: subsequent sections

151. Page 228, line 24.
Insert: "Section 229. Section 81-6-205, MCA, is amended to read:
"81-6-205. Removal of area from protective district -- discontinuance of district -- ~~levy~~ fee saved. Upon receipt of a petition or petitions signed in the same number and the same

manner as the petition to form the district provided for in 81-6-201, a board of county commissioners shall remove the area in its county from the cattle protective district or the boards of county commissioners of all of the counties affected may discontinue the entire cattle protective district~~,~~. ~~provided, however, that such action in discontinuing said~~ The discontinuance of a district or part of a district ~~shall~~ does not affect any ~~levy made~~ fee imposed prior to the receipt of ~~such~~ the petition or petitions and the proceeds of any ~~levy made shall~~ fee imposed must be used for the purposes ~~as in~~ of this part ~~set out~~. ~~No~~ A district or portion of ~~such~~ a district ~~shall~~ may not be discontinued ~~so~~ as long as there is any outstanding indebtedness against it.""

Renumber: subsequent sections

152. Page 229, line 3.

Insert: "Section 230. Section 81-6-209, MCA, is amended to read:

"**81-6-209. ~~Tax levy~~ Fee -- deposit of proceeds.** The district cattle protective committee may recommend to the board of county commissioners the ~~levy~~ imposition of a ~~tax~~ fee in an amount not to exceed 50 cents per head on all cattle 9 months of age or older in the district on January 1, and the board of county commissioners shall ~~thereupon be empowered to levy such tax~~ impose the fee, to be collected ~~as other taxes on personal property~~ and ~~when collected to be~~ deposited in the county treasury in a special fund to be known as the ~~stockmen's~~ livestock special deputy fund, together with any other funds made available from county, state, federal, or private sources for the purposes of this part.

Renumber: subsequent sections

153. Page 229, line 12.

Insert: "Section 231. Section 81-6-210, MCA, is amended to read:

"**81-6-210. Discontinuance of district -- ~~levy~~ fee saved.** Upon receipt of a petition or ~~of~~ petitions signed in the same number and in the same manner as the petition to form the district, ~~as herein provided,~~ the board of county commissioners shall discontinue the cattle protective district~~,~~. ~~provided, however, that such action in discontinuing said~~ The discontinuance of the district ~~shall~~ does not affect any ~~levy made~~ fee imposed prior to the receipt of ~~such~~ the petition or petitions, and the proceeds of any ~~levy made shall~~ fee imposed must be used for the purposes ~~as in~~ of this part ~~set out~~. ~~No~~ A district or portion of ~~such~~ a district ~~shall~~ may not be discontinued ~~so~~ as long as there is any outstanding indebtedness against it.""

Renumber: subsequent sections

154. Page 230, line 17.

Insert: "Section 232. Section 81-7-104, MCA, is amended to read:

"**81-7-104. (Temporary) Predator control ~~moneys~~ money -- use of proceeds.** (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the

purpose of protecting livestock in the state against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money ~~shall~~ may be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control ~~by means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control ~~shall~~ must be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory wild animals, as determined by the department and its advisory committee. ~~No claims~~ Claims may not be approved in excess of ~~moneys~~ money available for ~~such purposes~~ that purpose, and ~~no~~ warrants may not be registered against the ~~moneys~~ money.

81-7-104. (Effective on occurrence of contingency) Predator control money -- use of proceeds. (1) The department ~~of livestock~~ shall allocate a portion of the money from the ~~levy~~ fee under 15-24-921 for the purpose of protecting livestock in the state against destruction, depredation, and injury by predatory animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by any means of effective predatory animal destruction, extermination, and control, including systematic hunting and trapping and payment of bounties.

(2) Money ~~must~~ may be paid out only on claims ~~duly and regularly~~ presented to the department ~~of livestock~~ and approved by the department in accordance with the law applicable either to claims for bounties or for other expenditures ~~necessary and proper~~ for predatory animal control by ~~means and~~ methods other than payment of bounties, as determined by the department. Money designated for predator control must be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory animals, as determined by the department and its advisory committee. Claims may not be approved in excess of money available for ~~those purposes~~ that purpose, and warrants may not be registered against the money.""

Renumber: subsequent sections

155. Page 231, line 3.

Insert: "Section 233. Section 81-7-113, MCA, is amended to read:

"81-7-113. Claim for bounty. (1) A sheriff, undersheriff, and deputy sheriff, to prevent fraud, shall carefully examine

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each skin presented. If the examination discloses that the scalp and ears with the skin from the entire head of the animal have not been severed, punched, patched, or marked, ~~he~~ the officer shall, in the presence of the person presenting the skin, mark the skin by severing the skin from the head, including the ears, and then redeliver the skin to the person presenting it. ~~and~~ The officer shall require an affidavit from the claimant that the claimant killed the animal. The affidavit ~~shall~~ must be on forms prescribed by the department and contain information the department requires.

(2) The officer shall require affidavits from two ~~resident taxpayers~~ residents residing in the vicinity in which the animal was killed, setting forth that they are ~~resident taxpayers~~ residents paying fees on livestock, giving their post-office addresses, and stating that they are personally acquainted with the person presenting the skin and, to their knowledge, the person did kill the animal from which the skin was taken within 30 days preceding the offering of the skin for a bounty to the sheriff, undersheriff, or deputy sheriff to which it is presented. ~~A taxpayer~~ An individual who makes a false certificate or affidavit under this section in a material portion is guilty of a felony, punishable the same as for the crime of perjury.""

Renumber: subsequent sections

156. Page 231, line 21.

Insert: "Section 234. Section 81-7-114, MCA, is amended to read:

"81-7-114. Certificate and record of sheriff. (1) Upon receiving the affidavit required pursuant to 81-7-113, the officer shall deliver to the person claiming a bounty a certificate addressed to the county clerk of the officer's county and immediately deliver to the county clerk a duplicate of the certificate, showing the date, number, and kind of skins marked for severing and the name of the person presenting the skins. The certificate must also recite that the filing of the affidavits ~~of taxpayers~~ required by 81-7-113 has been done and the examination of the skins has been made as required. The certificate must be signed by the officer in the officer's official capacity. ~~When a doubt exists as to the kind of skin presented, whether wolf or coyote, the certificate must be issued for the lesser bounty.~~ Each sheriff shall keep a record of all skins marked and severed, showing the date, number, and kinds and the names of the persons presenting the skins. This record is an official record. The sheriff, undersheriff, or deputy sheriff may not perform any duties under 81-7-111 through 81-7-118 and 81-7-120 through 81-7-122 except at the county seat.

(2) The sheriff shall, not later than the 15th of each month, give to the county clerk and recorder a report setting forth the names of the persons presenting skins, with the number of the certificate and the kind and number of the skins presented. The sheriff shall report for each certificate issued during the month.""

Renumber: subsequent sections

157. Page 232, line 13.

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Insert: "Section 235. Section 81-7-118, MCA, is amended to read:

"81-7-118. (Temporary) ~~levy of tax~~ Fee for purpose of paying bounty claims -- limitation on ~~levy~~ fee. The department of revenue shall annually prescribe the ~~levy~~ fee recommended by the department to be ~~made~~ assessed against livestock of all classes for paying for the destruction of wild animals killed in this state. ~~The tax in any 1 year may not exceed 7.5 mills on the taxable value of the livestock.~~ The money received must be used only for the payment of claims approved by the department for the destruction of wild animals and for the administration of 81-7-111 through 81-7-118 and 81-7-120 through 81-7-122. The money received for the ~~taxes levied~~ fees imposed must be sent annually ~~with other taxes~~ to the state treasurer by the county treasurer of each county. When the money is received by the state treasurer, it must be placed in the state special revenue fund and may then be paid out on claims approved under the law governing the payment of claims.

81-7-118. (Effective on occurrence of contingency) ~~Levy of tax~~ Fee for purpose of paying bounty claims -- limitation on ~~levy~~ fee. The department of revenue shall annually prescribe the ~~levy~~ fee recommended by the department to be ~~made~~ assessed against livestock of all classes for paying for the destruction of predatory animals killed in this state. ~~The tax in any 1 year may not exceed 7.5 mills on the taxable value of the livestock.~~ The money received must be used only for the payment of claims approved by the department for the destruction of predatory animals and for the administration of 81-7-111 through 81-7-118 and 81-7-120 through 81-7-122. The money received for the ~~taxes levied~~ fees imposed must be sent annually ~~with other taxes~~ to the state treasurer by the county treasurer of each county. When the money is received by the state treasurer, it must be placed in the state special revenue fund and may then be paid out on claims approved under the law governing the payment of claims.""

Renumber: subsequent sections

158. Page 232, line 22.

Insert: "Section 236. Section 81-7-201, MCA, is amended to read:

"81-7-201. County ~~levy~~ fee for bounties on predatory animals. Whenever the owners~~, agent,~~ or agents of the owners ~~representing~~ of not less than 51% of the livestock of any county in this state present a petition to the board of county commissioners ~~of such county~~ asking for the ~~levy~~ imposition of a ~~tax~~ fee upon the livestock of the county for the purpose of paying bounties on predatory animals killed in the county, ~~it is the duty of the~~ the board of county commissioners ~~to make the levy, which may not exceed 50 mills on the dollar of the taxable value of~~ shall impose the fee on all livestock in the county. ~~The tax shall be assessed and collected in the same manner as all other state and county taxes.~~""

Renumber: subsequent sections

159. Page 233, line 10.

Insert: "Section 237. Section 81-7-202, MCA, is amended to read:

"81-7-202. Signers of petition -- time for presenting --

limitation on bounties -- bounty inspectors. (1) The petition provided for in 81-7-201 ~~shall~~ must be signed by the owners~~,~~ ~~agent,~~ or agents of the owners of not less than 51% of the livestock of ~~such~~ the county ~~as ascertained from the assessment books of such county~~ and ~~shall~~ must recommend to the board of county commissioners the bounties to be paid on ~~such~~ predatory animals, which ~~shall~~ may not exceed the following:

(a) on each wolf or mountain lion, $100;

(b) on each wolf pup or mountain lion kitten, $20;

(c) on one coyote, $5; and

(d) on each coyote pup, $2.50.

(2) ~~Such~~ A petition ~~shall~~ must be presented not later than August 1 of each year, and the board of county commissioners on determining the sufficiency of ~~such~~ the petition shall make an order granting ~~such~~ the petition~~,~~. ~~which~~ The order ~~shall~~ must fix the ~~levy~~ fee for that year and the amount of the bounties to be paid for the killing of each ~~such~~ predatory animal, which ~~shall~~ may not exceed the amounts recommended in ~~such~~ the petition~~,~~. The order may also ~~and~~ appoint not less than 10 or more than 20 stockowners of ~~such~~ the county to be bounty inspectors under this part, without compensation, who shall hold their offices for 1 year.""

Renumber: subsequent sections

160. Page 237, line 13.

Insert: "NEW SECTION. **Section 244. School district block grants.** (1) (a) The office of public instruction shall provide a block grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999.

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate a portion of the block grant amount into each district's fiscal year 2002 budget as an anticipated revenue source by fund.

(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

(2) If the biennial appropriation provided in [section 248(1)] is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.

(3) Each year, 70% of each district's block grant must be

distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed. If the appropriation for block grants is greater than or less than the amount received by schools from the sources enumerated in subsection (1), the office of public instruction shall prorate the amount appropriated based upon the fiscal year 2001 revenue.

(4) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 0.76% in each succeeding fiscal year."

Renumber: subsequent sections

161. Page 241, line 17.

Insert: "NEW SECTION. **Section 245. Countywide school retirement block grants.** (1) The office of public instruction shall distribute one-half of the amount appropriated for countywide school retirement in November and the remainder in May. The total amount for each county is as follows:

	FY 2002 Elementary Payment	FY2002 High School Payment	FY2003 Elementary Payment	FY2003 High School Payment
Beaverhead	$86,692	$50,789	$87,351	$51,175
Big Horn	62,668	36,963	63,144	37,244
Blaine	61,160	10,193	61,624	10,271
Broadwater	0	92,686	0	93,390
Carbon	43,451	82,110	43,782	82,734
Carter	9,751	5,453	9,825	5,495
Cascade	349,056	192,848	351,709	194,314
Chouteau	75,384	41,034	75,957	41,346
Custer	78,925	36,930	79,525	37,211
Daniels	0	37,994	0	38,283
Dawson	85,568	38,722	86,219	39,016
Deer Lodge	39,980	17,059	40,284	17,189
Fallon	0	0	0	0
Fergus	119,028	78,809	119,932	79,408
Flathead	558,861	296,410	563,108	298,662
Gallatin	383,035	181,743	385,946	183,125
Garfield	12,337	10,170	12,431	10,247
Glacier	79,924	34,016	80,532	34,275
Golden Valley	0	16,716	0	16,843
Granite	14,074	48,026	14,180	48,391
Hill	142,867	82,538	143,953	83,165
Jefferson	116,679	59,523	117,565	59,976
Judith Basin	6,149	21,359	6,196	21,521
Lake	173,584	139,990	174,903	141,054
Lewis & Clark	344,112	211,726	346,728	213,335
Liberty	20,144	16,786	20,297	16,914
Lincoln	73,001	98,835	73,556	99,586
Madison	0	103,163	0	103,947
Mccone	23,214	15,824	23,390	15,945
Meagher	13,654	10,678	13,758	10,759
Mineral	0	32,206	0	32,451
Missoula	487,129	362,756	490,832	365,513
Musselshell	30,675	21,577	30,908	21,741

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Park	154,192	81,696	155,364	82,317
Petroleum	0	16,897	0	17,026
Phillips	10,502	95,084	10,582	95,806
Pondera	79,805	60,307	80,411	60,765
Powder River	18,815	15,011	18,958	15,125
Powell	69,695	22,666	70,225	22,838
Prairie	0	26,791	0	26,995
Ravalli	85,333	169,769	85,981	171,059
Richland	83,671	30,302	84,307	30,533
Roosevelt	71,090	60,329	71,630	60,787
Rosebud	359,662	286,411	362,395	288,588
Sanders	203,863	127,694	205,413	128,665
Sheridan	0	46,231	0	46,583
Silver Bow	249,821	141,541	251,719	142,617
Stillwater	91,487	75,926	92,182	76,503
Sweet Grass	36,996	36,327	37,277	36,603
Teton	57,760	41,547	58,199	41,863
Toole	43,323	51,399	43,652	51,790
Treasure	0	18,947	0	19,091
Valley	15,824	90,532	15,944	91,220
Wheatland	20,946	12,103	21,105	12,195
Wibaux	0	14,585	0	14,696
Yellowstone	1,125,488	643,136	1,134,042	648,024
Total	6,269,374	4,650,865	6,317,022	4,686,212

(2) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 0.76% in each succeeding fiscal year."

Renumber: subsequent sections

162. Page 244, line 15.

Insert: "NEW SECTION. **Section 246. Countywide school transportation block grants.** (1) The office of public instruction shall distribute one-half of the amount appropriated for countywide school transportation in November and the remainder in May. The total amount for each county is as follows:

	FY 2002 Payment	FY2003 Payment
Beaverhead	$29,924	$30,151
Big Horn	43,635	43,966
Blaine	3,727	3,756
Broadwater	14,935	15,048
Carbon	23,493	23,671
Carter	8,675	8,741
Cascade	84,382	85,024
Chouteau	33,063	33,314
Custer	7,069	7,123
Daniels	16,771	16,899
Dawson	21,356	21,518
Deer Lodge	14,392	14,502
Fallon	20,447	20,603
Fergus	58,765	59,211
Flathead	89,846	90,529
Gallatin	81,262	81,879
Garfield	17,284	17,415
Glacier	37,740	38,027

Golden Valley	3,547	3,574
Granite	8,153	8,215
Hill	46,409	46,762
Jefferson	36,329	36,605
Judith Basin	16,878	17,007
Lake	69,756	70,286
Lewis & Clark	58,287	58,730
Liberty	15,874	15,995
Lincoln	50,388	50,771
Madison	21,263	21,424
Mccone	12,498	12,593
Meagher	4,237	4,269
Mineral	7,478	7,534
Missoula	93,969	94,683
Musselshell	12,945	13,043
Park	31,904	32,147
Petroleum	9,854	9,929
Phillips	31,080	31,316
Pondera	22,599	22,771
Powder River	21,304	21,465
Powell	16,622	16,748
Prairie	8,544	8,609
Ravalli	60,579	61,040
Richland	32,995	33,246
Roosevelt	25,740	25,935
Rosebud	97,820	98,564
Sanders	71,581	72,125
Sheridan	12,946	13,045
Silver Bow	21,872	22,038
Stillwater	27,358	27,566
Sweet Grass	14,996	15,110
Teton	28,202	28,416
Toole	17,208	17,339
Treasure	5,446	5,487
Valley	26,677	26,880
Wheatland	9,142	9,212
Wibaux	6,198	6,246
Yellowstone	149,314	150,448
Total	1,814,759	1,828,551

(2) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 0.76% in each succeeding fiscal year."

Renumber: subsequent sections

163. Page 246, line 3.

Insert: **"Section 247.** Section 5, Chapter 95, Laws of 2001, is amended to read:

"Section 5. Coordination instruction. If both House Bill No. 124 and [this act] are passed and approved:

(1) then [section 1 of this act] must read as follows:

"23-2-533. ~~(Temporary)~~ **Use of percentage of boat fees allocated funds for boat boating facilities** ~~-- designation of fees for regional use~~**.** (1) ~~At the time the fee in lieu of tax imposed under 23-2-516 is collected, the payor shall designate the fish, wildlife, and parks administrative region in which the~~

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~~majority of the payor's boating activities take place. Upon receipt of the fee in the motorboat account in the state special revenue fund, the department shall earmark the fee for use in the designated region.~~

~~(2) All fees designated~~ Funds allocated to the motorboat account ~~by 23-2-518(2)~~ must be used by the department to:

(a) improve, operate, or maintain ~~regional~~ boating facilities ~~under the control of the department and, in conjunction with other funds in the motorboat account, to~~; and

(b) cover costs associated with the boating advisory council created in 23-2-536.

(2) The department may use the ~~fees~~ funds to match available federal funds to the extent possible. Expenditure of ~~fees~~ funds must be made after consideration of recommendations by the boating advisory council. ~~(Terminates June 30, 2002--sec. 9, Ch. 476, L. 1995.)~~"

(2) then 23-2-534, MCA, is amended to read:

"**23-2-534. ~~(Temporary)~~ Funding of state recreational boating safety program -- certification of county programs -- administration by counties.** (1) The department may in its discretion use available state funds and federal matching funds to contract with counties to implement designated parts of the state recreational boating safety program. If a county accepts a grant, the county shall agree to implement a program that is certified by the department as fulfilling the requirements of the state recreational boating safety program.

(2) A county may ~~designate any amount of boat fees in lieu of tax, unless otherwise allocated by 23-2-518(2), or other~~ allocate funds ~~for collection by~~ to the department for the recreational boating safety program. This money must be used by the department for contracts with counties for the recreational boating safety program. ~~(Terminates June 30, 2002--sec. 10, Ch. 476, L. 1995.)~~"

Renumber: subsequent sections

164. Page 246, line 18

Insert: "NEW SECTION. **Section 248. Appropriations.** (1) There is appropriated from the general fund to the office of public instruction $114,394,755 for the biennium ending June 30, 2003, for the purpose of school district block grants as provided in [section 244].

(2) There is appropriated from the general fund to the office of public instruction $10,920,239 for fiscal year 2002 and $11,003,234 for fiscal year 2003 for the purpose of countywide school retirement block grants as provided in [section 245].

(3) There is appropriated from the general fund to the office of public instruction $1,814,759 for fiscal year 2002 and $1,828,551 for fiscal year 2003 for the purpose of countywide school transportation block grants as provided in [section 246].

(4) If Senate Bill No. 176 is passed and approved, then there is appropriated from the general fund to the supreme court for fiscal year 2003 the amount deducted from the entitlement share payment in [section 1(2)] plus an additional 6%. The amount appropriated is up to $25 million to be used for the purpose of implementing Senate Bill No. 176."

BEST COPY AVAILABLE

Renumber: subsequent sections

165. Page 246, line 22.
Insert: "NEW SECTION. **Section 249. Inclusion of appropriations in budget.** The governor shall include the appropriation in [section 248(1)] in the present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation."
Renumber: subsequent sections

166. Page 246, line 27.
Insert: "NEW SECTION. **Section 250. Reservation of funds.** The amount of $7,447,018 must be reserved for countywide retirement and countywide transportation in fiscal year 2004 and the amount of $4,812,299 must be reserved for countywide retirement and countywide transportation in fiscal year 2005."
Renumber: subsequent sections

167. Page 247, line 6.
Insert: "NEW SECTION. **Section 251. Policy and purpose.** (1) The purpose of [House Bill No. 124] is to establish a financial partnership between state and local governments.

(2) This partnership is founded on trust and is committed to protecting and promoting the financial interests of cities, towns, counties, local schools, special districts, and state government.

(3) Local governments agree to relinquish dedicated revenue in exchange for an entitlement share of the state general fund based on a formula that responds to the performance of the Montana economy.

(4) The legislature agrees to fund the entitlement share in accordance with the provisions of [section 1]."
Renumber: subsequent sections

168. Page 247, line 10.
Insert: "NEW SECTION. **Section 252. Coordination with school funding study.** If an interim study of school funding is conducted during the interim commencing July 1, 2001, the study must include recommendations for retaining or repealing the block grants provided for in [sections 244 through 246]. "
Renumber: subsequent sections

169. Page 247, line 11.
Following: "~~(1)~~"
Insert: "(1)"
Strike: "3-5-404,"

170. Page 247, line 13.
Strike: "AND"

171. Page 247, lines 17 and 18.
Following: "~~87-1-604,~~" on line 17
Insert: "17-3-214, 20-25-1007, 52-1-110, 53-2-302, 53-2-306, 53-2-322, 53-2-610, 53-2-801, 53-2-802, 53-2-803, 53-2-811, 53-2-812, 53-2-813, 53-4-246, 53-4-247, 61-3-508, 61-3-510, 61-3-511, 61-3-512, 76-1-405, 76-1-407, 77-1-505, 77-1-506, 77-1-507, 80-2-223, and 80-7-810,"
Strike: "AND" on line 17 through "1997," on line 18

172. Page 247, line 20.
Insert: "(2) Sections 15-31-701 and 15-31-702 are repealed."

173. Page 247, line 22.
Strike: "[SECTION 1] IS"
Insert: "[Sections 1, 3, and 251] are"

174. Page 247, line 23.
Strike: "[SECTION 1]"
Insert: "[sections 1, 3, and 251]"

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175. Page 248, line 2.
Following: "~~NOT~~"
Insert: "not"
Following: "~~I~~"
Insert: ":"

176. Page 248, line 3.
Strike: ", SENATE BILL NO. 176"
Insert: "(a) [section 1(1)(d) of this act]"
Following: "~~I~~"
Insert: ";"

177. Page 248, line 7.
Following: "~~VOID~~"
Insert: "(b) the phrase "the fiscal year 2001 increased costs for the state assumption of district court expenses provided for in 3-5-901 and" in [section 1(2) of this act] is void; and
(c) the amendments to 3-2-714, 3-5-901, 25-1-201, 40-4-215, 40-4-226, 42-2-105, and 52-6-105 in [this act] are void"

178. Page 250.
Following: line 20
Insert: "(3) If Senate Bill No. 176 and [this act] are both passed and approved, then the amendments to 3-2-714, 3-5-901, 25-1-201, 40-4-215, and 40-4-226, in [this act] are void and the amendments to 42-2-105 and 61-3-509 in Senate

Bill No. 176 are void.

(4) If Senate Bill No. 73 and [this act] are both passed and approved, then the amendments to 23-2-518, 23-2-618, 23-2-803, 61-3-509,and 67-3-205 in Senate Bill No. 73 are void.

(5) If Senate Bill No. 144 and [this act] are both passed and approved, then the amendment to 72-16-912 in Senate Bill No. 144 is void.

(6) If Senate Bill No. 175 and [this act] are both passed and approved then the amendments to 23-2-616, 61-3-321, and 61-3-509 in Senate Bill No. 175 are void.

(7) If Senate Bill No. 317 and [this act] are passed and approved, then 16-1-406 must read as follows:

Section 105. Section 16-1-406, MCA, is amended to read:

"**16-1-406. Taxes on beer.** (1) A tax ~~of $4.30 per~~ is imposed on each barrel of 31 gallons ~~is imposed on each barrel~~ of beer sold in Montana by a wholesaler. A barrel of beer equals 31 gallons. The tax is based upon the total number of barrels of beer produced by a brewer in a year. A brewer who produces less than 20,000 barrels of beer a year is taxed on the following increments of production:

(i) up to 5,000 barrels, $1.30;

(ii) 5,001 barrels to 10,000 barrels, $2.30; and

(iii) 10,001 barrels to 20,000 barrels, $3.30.

(b) The tax on beer sold for a brewer who produces over 20,000 barrels is $4.30.

(2) The tax imposed pursuant to subsection (1) is due at the end of each month from the wholesaler upon beer sold by the wholesaler during that month. The department shall compute the tax due on beer sold in containers other than barrels or in barrels of more or less capacity than 31 gallons.

~~(2)~~(3) Each quarter, in accordance with the provisions of 15-1-501, of the tax collected pursuant to subsection (1), an amount equal to:

(a) ~~$1~~ 23.26% must be deposited in the state treasury to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism; and

(b) ~~50 cents~~ the balance must be deposited in the state general fund~~; and~~

~~(c) $2.80 must be deposited with the state treasurer to the credit of the incorporated cities and towns beer tax account in the state special revenue fund.~~

~~(3) (a) The money in the incorporated cities and towns beer tax account is statutorily appropriated, as provided in 17-7-502, to the department, which shall, monthly, distribute this amount of money to the incorporated cities and towns in the direct proportion that the population of each city and town bears to the total population of all incorporated cities and towns as shown in the latest official federal census as adjusted by the most recent population estimates published by the U.S. bureau of the census. For cities and towns incorporated after the latest official federal census, the census must be determined as of the date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If a city or town disincorporates, it may not receive any funds under this section and the amount previously distributed to the city or town must be~~

~~distributed to the remaining incorporated cities and towns. All funds received by cities and towns under this section must be expended for state purposes, such as law enforcement, maintenance of the transportation system, and public health.~~

~~(b) The department may adjust population estimates only on the July 1 following the date of publication of the estimates by the U.S. bureau of the census. The adjusted distribution formula must remain in effect for the entire fiscal year.~~"

(8) If Senate Bill No. 339 and [this act] are both passed and approved, then the amendments to 41-3-1122, 53-2-207, and 53-2-304 in [this act] are void.

(9) If Senate Bill No. 389 and [this act] are both passed and approved, then 80-2-232 must read as follows:

Section 219. Section 80-2-232, MCA, is amended to read:

"80-2-232. ~~State treasurer's~~ Department of revenue's duty -- warrants -- transfers to ~~county and~~ state general fund. (1) The ~~state treasurer~~ department of revenue ~~shall~~ must receive all money paid under this part and shall place the money in trust for the hail insurance program to the credit of the enterprise fund. All money collected by the board must be deposited in the enterprise fund, and all losses must be paid from that fund. All other costs are administrative expenses and must be paid from the board's enterprise fund. If registered warrants are presented and there is no money to pay the warrants, the warrants must be registered and bear interest at the rate of 4% ~~per annum~~ a year until called for payment by the state treasurer.

(2) ~~Upon warrants drawn by order of the board, the state treasurer shall pay out of the board's enterprise fund to the county treasurer of each county where state hail insurance coverage is in force a sum of the gross annual levies made and collected in that county under this part for the use of the county or any part of county commissioners may determine.~~ The department of revenue may retain 2% of the gross annual fees imposed and collected under this part for administrative costs associated with billing and collection of hail and fire insurance premiums.

(3) Upon authorization from the board of hail insurance, the state treasurer shall transfer out of the board's enterprise fund to the general fund of the state of Montana 1.5% of the gross annual ~~levies made~~ fees imposed and collected in the state of Montana."

(10) (a) If Senate Bill No. 448 and [this act] are both passed and approved then [section 2 of Senate Bill No. 448], amending 61-3-321, is void.

(b) If Senate Bill No. 448 is not passed and approved then:

(i) in [section 3 of this act], the bracketed subsection (3)(f) relating to a fee for transportation for senior citizens and persons with disabilities is void; and

(ii) in [section 163 of this act], the bracketed subsection (6) of 61-3-321, relating to a fee for transportation for senior citizens and persons with disabilities is void."

Renumber: subsequent subsection

179. Page 250, line 21 through page 252, line 26.

Following: "THEN" page 250, line 21

Insert: "the amendment to"
Following: "15-10-420" page 250, line 21
Insert: "in Senate Bill No. 501 is void."
Strike: ", MUST" on page 250, line 21 through "unit." on page 252, line 26

180. Page 252, line 28.
Strike: "DATE"
Insert: "dates"

181. Page 252, line 29.
Strike: "[THIS ACT]"
Insert: "(1) Except as provided in subsections (2) and (3), [this act]"

182. Page 252.
Following: line 30
Insert: "(2) [Section 253(2) and this section] are effective on passage and approval.
(3) [Sections 6, 7, and 144] are effective July 1, 2002."

183. Page 253, line 7.
Insert: "NEW SECTION. **Section 257. Retroactive applicability.** (1) [Section 253(2)] applies retroactively, within the meaning of 1-2-109, to July 1, 2000.
(2) [Section 143] applies retroactively, within the meaning of 1-2-109, to April 1, 2000."

- END -

THIS VERSION OF THE BILL CONTAINS 388 PAGES. PLEASE CONTACT THE LAW LIBRARY IF THE TEXT IN ITS ENTIRETY IS NEEDED.

HOUSE BILL NO. 124

INTRODUCED BY B. STORY

BY REQUEST OF THE LOCAL GOVERNMENT FUNDING AND STRUCTURE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS GOVERNING LOCAL GOVERNMENT AND STATE REVENUE COLLECTION AND ALLOCATION; CLARIFYING STATE MANDATES THAT MAY NOT BE IMPOSED ON LOCAL GOVERNMENTS WITHOUT FUNDING; ELIMINATING SPECIFIC STATUTORY MILL LEVY RESTRICTIONS; REVISING THE LIMIT ON PROPERTY TAXES; PROVIDING FOR A UNIFORM ELECTION PROCEDURE TO EXCEED THE MILL LEVY LIMIT; PROVIDING FOR LOCAL GOVERNMENT ENTITLEMENTS TO ~~REPLACE REIMBURSEMENTS AND TO ACCOUNT FOR REVENUE ALLOCATIONS; CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS OFFSET PROPERTY TAX REDUCTIONS~~ REPLACE REIMBURSEMENTS AND TO ACCOUNT FOR REVENUE ALLOCATIONS; CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS; PROVIDING A STATUTORY APPROPRIATION FOR ENTITLEMENT PAYMENTS; ~~PROVIDING FOR FUND TRANSFERS FROM THE GENERAL FUND TO STATE AGENCIES TO ACCOUNT FOR REVISED REVENUE ALLOCATIONS; ELIMINATING~~ INCLUDING STATE PAYMENTS IN LIEU OF TAXES FOR STATE LAND ~~AND LAND OWNED BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS~~ IN THE ENTITLEMENT SHARE CALCULATION; ~~PROVIDING FOR CERTAIN UNIFORM VEHICLE FEES; RETAINING VEHICLE FEES, ALCOHOL TAXES, AND GAMBLING TAXES AT THE STATE LEVEL; REVISING THE FUNDING METHOD FOR PROVIDING PUBLIC ASSISTANCE; CONVERTING CERTAIN SPECIAL LEVIES INTO FEES; PROVIDING FOR BLOCK GRANTS FOR SCHOOL DISTRICTS; PROVIDING FOR PAYMENTS BLOCK GRANTS TO COUNTIES FOR DISTRIBUTION TO SCHOOL DISTRICTS FOR PURPOSES OF COUNTYWIDE SCHOOL TRANSPORTATION AND COUNTYWIDE SCHOOL RETIREMENT; APPROPRIATING MONEY FOR SCHOOL DISTRICT BLOCK GRANTS, COUNTYWIDE SCHOOL TRANSPORTATION BLOCK GRANTS, AND COUNTYWIDE SCHOOL RETIREMENT BLOCK GRANTS, AND DISTRICT COURT EXPENSES;~~ PROVIDING FOR FUND TRANSFERS FROM THE GENERAL FUND TO STATE AGENCIES TO ACCOUNT FOR REVISED REVENUE ALLOCATIONS; INCLUDING STATE PAYMENTS IN LIEU OF TAXES FOR STATE LAND IN THE ENTITLEMENT SHARE CALCULATION; PROVIDING FOR CERTAIN UNIFORM VEHICLE FEES; RETAINING VEHICLE FEES, ALCOHOL TAXES, AND GAMBLING TAXES AT THE STATE LEVEL; REVISING THE FUNDING METHOD FOR PROVIDING PUBLIC

REFERENCE BILL: INCLUDES FCCR#1 DATED 4-19-01
AND GOVERNOR'S AMENDMENTS DATED 4-21-01

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OFFICE OF THE GOVERNOR

STATE OF MONTANA

JUDY MARTZ
GOVERNOR

STATE CAPITOL
PO BOX 200801
HELENA, MONTANA 59620-0801

April 21, 2001

The Honorable Dan McGee
Speaker of the House
State Capitol
Helena, MT 59620

The Honorable Tom Beck
President of the Senate
State Capitol
Helena, MT 59620

Dear Speaker McGee and President Beck:

In accordance with the powers vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby return with amendments House Bill 124. "AN ACT GENERALLY REVISING THE LAWS GOVERNING LOCAL GOVERNMENT AND STATE REVENUE COLLECTION AND ALLOCATION, etc." for the following reasons.

As you are aware, the purpose of my amendment is to correct a technical error that occurred during the process of compiling the numerous amendments to this lengthy and complex bill. The error, which relates to the entitlement share figures for certain tax increment financing districts, has been confirmed and discussed by the Legislative Services Division, my Office of Budget and Program Planning and the Department of Revenue. My proposed amendment has also been reviewed by those offices, all of which are in agreement that the amendment will correct the technical error.

The sponsor of HB 124, Representative Story, has been advised of my recommendation and agrees that it should be adopted.

Sincerely,

JUDY MARTZ
Governor

cc: Legislative Services Division
Office of Budget Program and Planning
Department of Revenue

TELEPHONE: (406) 444-3111 FAX: (406) 444-4151

HB 124 585

GOVERNOR'S AMENDMENTS TO HOUSE BILL NO. 124
(Reference Copy as Amended by Free Conference Committee)

Drafted by the Office of the Governor

April 21, 2001

1. Page 14, line 22

Strike: "CASCADE" on page 14, line 22 through "610,977" on page 15, line 7.

Insert:

"Cascade	Great Falls - downtown	468,966
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	758,359
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	164,660
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - # 2	731,614
Missoula	Missoula - 1-1B & 1-1C	1,100,507
Missoula	Missoula - 4-1C	33,343
Silver Bow	Butte - uptown	283,801
Yellowstone	Billings	436,815"

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AN ACT GENERALLY REVISING THE LAWS GOVERNING LOCAL GOVERNMENT AND STATE REVENUE COLLECTION AND ALLOCATION; CLARIFYING STATE MANDATES THAT MAY NOT BE IMPOSED ON LOCAL GOVERNMENTS WITHOUT FUNDING; ELIMINATING SPECIFIC STATUTORY MILL LEVY RESTRICTIONS; REVISING THE LIMIT ON PROPERTY TAXES; PROVIDING FOR A UNIFORM ELECTION PROCEDURE TO EXCEED THE MILL LEVY LIMIT; PROVIDING FOR LOCAL GOVERNMENT ENTITLEMENTS TO REPLACE REIMBURSEMENTS AND TO ACCOUNT FOR REVENUE ALLOCATIONS; CALCULATING ENTITLEMENTS BY DEDUCTING DISTRICT COURT COSTS AND PUBLIC ASSISTANCE COSTS; PROVIDING A STATUTORY APPROPRIATION FOR ENTITLEMENT PAYMENTS; PROVIDING FOR FUND TRANSFERS FROM THE GENERAL FUND TO STATE AGENCIES TO ACCOUNT FOR REVISED REVENUE ALLOCATIONS; INCLUDING STATE PAYMENTS IN LIEU OF TAXES FOR STATE LAND IN THE ENTITLEMENT SHARE CALCULATION; PROVIDING FOR CERTAIN UNIFORM VEHICLE FEES; RETAINING VEHICLE FEES, ALCOHOL TAXES, AND GAMBLING TAXES AT THE STATE LEVEL; REVISING THE FUNDING METHOD FOR PROVIDING PUBLIC ASSISTANCE; CONVERTING CERTAIN SPECIAL LEVIES INTO FEES; PROVIDING FOR BLOCK GRANTS FOR SCHOOL DISTRICTS; PROVIDING FOR BLOCK GRANTS TO COUNTIES FOR DISTRIBUTION TO SCHOOL DISTRICTS FOR PURPOSES OF COUNTYWIDE SCHOOL TRANSPORTATION AND COUNTYWIDE SCHOOL RETIREMENT; APPROPRIATING MONEY FOR SCHOOL DISTRICT BLOCK GRANTS, COUNTYWIDE SCHOOL TRANSPORTATION BLOCK GRANTS, COUNTYWIDE SCHOOL RETIREMENT BLOCK GRANTS, AND DISTRICT COURT EXPENSES; AMENDING SECTIONS 1-2-112, 2-9-316, 3-2-714, 3-5-901,7-2-2730, 7-2-2746, 7-2-4111, 7-2-4918, 7-3-1310, 7-3-1311, 7-3-1313, 7-3-4312, 7-6-502, 7-6-2301, 7-6-2314, 7-6-2319, 7-6-2328, 7-6-2329, 7-6-2345, 7-6-2501, 7-6-2511, 7-6-2512, 7-6-2522, 7-6-2523, 7-6-2541, 7-6-4134, 7-6-4238, 7-6-4261, 7-6-4272, 7-6-4431, 7-6-4451, 7-6-4453, 7-6-4455, 7-7-2202, 7-7-2206, 7-7-2303, 7-14-111, 7-14-232, 7-14-1131, 7-14-1134, 7-14-1632, 7-14-1633, 7-14-2501, 7-14-2502, 7-14-2503, 7-14-2504, 7-14-2523, 7-14-2807, 7-14-4106, 7-14-4404, 7-14-4644, 7-14-4734, 7-15-4293, 7-16-101, 7-16-2102, 7-16-2108, 7-16-2109, 7-16-2205, 7-16-2411, 7-16-2412, 7-16-2431, 7-16-2443, 7-16-4105, 7-16-4113, 7-16-4114, 7-21-3203, 7-21-3433, 7-21-3457, 7-22-2142, 7-22-2222, 7-22-2306,

7-22-2432, 7-22-2512, 7-32-235, 7-32-4117, 7-33-2209, 7-33-4111, 7-33-4130, 7-34-102, 7-34-2131, 7-34-2133, 7-34-2204, 7-34-2303, 7-34-2417, 7-35-2122, 10-2-501, 10-2-603, 13-13-230, 15-1-402, 15-1-501, 15-10-420, 15-16-117, 15-24-303, 15-24-902, 15-24-904, 15-24-921, 15-24-922, 15-24-925, 15-30-121, 15-31-114, 16-1-404, 16-1-406, 16-1-411, 17-7-502, 19-6-709, 19-7-404, 19-9-209, 19-13-214, 19-18-503, 19-18-504, 19-19-301, 20-7-705, 20-7-714, 20-9-141, 20-9-168, 20-9-331, 20-9-333, 20-9-501, 20-10-144, 20-10-146, 20-15-305, 20-15-311, 20-15-326, 20-25-1002, 22-1-304, 23-2-508, 23-2-510, 23-2-512, 23-2-518, 23-2-611, 23-2-612, 23-2-615, 23-2-616, 23-2-803, 23-2-804, 23-2-811, 23-2-812, 23-2-814, 23-2-818, 23-5-610, 25-1-201, 39-71-403, 40-4-215, 40-4-226, 41-3-1122, 42-2-105, 50-2-111, 50-2-114, 52-6-105, 53-2-207, 53-2-301, 53-2-304, 53-2-612, 53-3-115, 53-3-116, 53-20-208, 53-21-204, 61-1-102, 61-3-203, 61-3-321, 61-3-325, 61-3-332, 61-3-406, 61-3-411, 61-3-412, 61-3-426, 61-3-431, 61-3-457, 61-3-465, 61-3-509, 61-3-524, 61-3-527, 61-3-707, 61-3-738, 61-9-312, 61-10-130, 61-10-148, 61-10-225, 67-3-205, 67-10-402, 67-11-301, 67-11-303, 72-16-909, 72-16-912, 75-10-533, 76-1-111, 76-1-403, 76-1-404, 76-1-406, 76-2-102, 76-6-109, 76-13-201, 76-15-505, 76-15-516, 76-15-531, 76-15-623, 77-1-502, 77-1-503, 77-1-504, 80-2-201, 80-2-203, 80-2-204, 80-2-205, 80-2-206, 80-2-207, 80-2-209, 80-2-221, 80-2-222, 80-2-224, 80-2-225, 80-2-226, 80-2-228, 80-2-229, 80-2-230, 80-2-231, 80-2-232, 80-2-244, 80-7-814, 80-7-815, 80-7-816, 80-7-822, 81-6-101, 81-6-104, 81-6-106, 81-6-204, 81-6-205, 81-6-209, 81-6-210, 81-7-104, 81-7-113, 81-7-114, 81-7-118, 81-7-201, 81-7-202, 81-8-503, 81-8-504, 85-3-412, 85-3-422, 85-3-423, AND 90-5-112, MCA, AND SECTION 5, CHAPTER 95, LAWS OF 2001; REPEALING SECTIONS 7-6-2531, 7-6-2532, 7-6-2533, 7-6-2534, 7-6-2535, 7-6-2536, 7-6-2537, 7-6-4432, 7-6-4434, 7-6-4436, 7-6-4437, 7-6-4439, 7-6-4452, 7-16-2432, 7-34-2134, 7-34-2135, 7-34-2136, 15-7-122, 15-31-701, 15-31-702, 17-3-214, 20-25-1007, 52-1-110, 53-2-302, 53-2-306, 53-2-322, 53-2-610, 53-2-801, 53-2-802, 53-2-803, 53-2-811, 53-2-812, 53-2-813, 53-4-246, 53-4-247, 61-3-508, 61-3-510, 61-3-511, 61-3-512, 76-1-405, 76-1-407, 77-1-505, 77-1-506, 77-1-507, 80-2-223, AND 80-7-810, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: